Midland International CORP
Form 10QSB
August 17, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC. 20549

FORM 10-QSB

x QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the Quarterly Period Ended June 30, 2007

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

For the transition period from ______________ to ________________

Commission File No. 0-28315

MIDLAND INTERNATIONAL CORPORATION
(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.)

12650 Jane Street
King City, Ontario, Canada L7B 1A3
(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 x No o

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

As of August 14, 2007, the number of common stock outstanding was 98,697,654.

Midland International Corporation
(A Development Stage Company)

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PART I. Financial Information

Item 1. Condensed Financial Statements

Midland International Corporation
(A Development Stage Company)
Condensed Balance Sheet
June 30, 2007
(UNAUDITED)

ASSETS		
Current Assets:		
Cash and cash equivalents	$	21,993
Due from related parties (Note 4)		182,483
Total current assets		204,476
Investment (Note 5)		99,377
Intangibles (Note 6)		95,000
TOTAL ASSETS	$	398,853
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current Liabilities:		
Accounts payable and accrued liabilities	$	138,951
Due to related parties (Note 4)		220,080
Note payable - related parties (Note 7)		75,000
Total current liabilities		434,031
Stockholders' deficiency		
Preferred stock, $0.001 par value, 5,000,000 shares authorized, No shares issued and outstanding		-
Common stock, $0.001 par value, 100,000,000 shares authorized, 98,697,654 shares issued and outstanding at June 30, 2007		98,698
Common stock subscribed		250,000
Additional paid-in capital		1,863,093
Accumulated deficit		(2,246,969)
Total stockholders' deficiency		(35,178)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	$	398,853

See accompanying notes to financial statements.

Midland International Corporation
(A Development Stage Company)
Condensed Statements of Operations
(UNAUDITED)

	Three months ended June 30 2007	Three months ended June 30 2006	May 1, 1996 (Inception) to June 30 2007
Revenues	$ -	$ -	$ 60,000
Cost of sales	-	-	49,500
Gross profit	-	-	10,500
Operating expenses:			
Management fees	60,000	-	870,585
Office and general	152,290	1,727	507,000
Professional and consulting	241,431	46,427	799,787
Amortization	5,000	-	5,050
Total operating expenses	458,721	48,154	2,182,422
Net loss before other expenses and income taxes	(458,721)	(48,154)	(2,171,922)
Other expenses			
Share of loss in equity accounted investee	623	-	623
Interest expense	-	8,753	34,421
Realized loss on disposal of assets	-	-	10,003
Write off of intangible assets	-	-	30,000
Total other expenses	623	8,753	75,047
Net loss before income taxes	(459,344)	(56,907)	(2,246,969)
Provision for income taxes	-	-	-
Net loss	$ (459,344)	$ (56,907)	$ (2,246,969)
Weighted average number of common shares outstanding - Basic and diluted	95,094,357	33,398,897	21,703,759
Loss per share of common stock - Basic and diluted	$ (0.005)	($0.002)	($0.103)

See accompanying notes to financial statements.

Midland International Corporation
(A Development Stage Company)
Condensed Statement of Change in Stockholders' Deficiency
May 1, 1996 to March 31, 2007
(UNAUDITED)

	Common Stock		Additional	Accumulated	Total
	Shares	Amount	Paid-in Capital	Income (Deficit)	Stockholders' Deficiency
Balance, May 1, 1996	-	$ -	-	-	-
Issuance of common stock	24,000,000	24,000	(23,700)	-	300
Net loss for the period from inception to March 31, 2004	-	-	-	(19,186)	(19,186)
Balance, March 31, 2004	24,000,000	$ 24,000	(23,700)	(19,186)	(18,886)
Exchange of debt for equity	-	-	30,500	-	30,500
Shares issued as consideration for assets purchased	3,000,000	3,000	71,503	-	74,503
Common stock issued for services	78,000	78	59,922	-	60,000
Issuance of common stock pursuant to private placements	1,250,000	1,250	213,750	-	215,000
Common stock issued for consulting services provided	650,000	650	64,350	-	65,000
Net loss for the year ended March 31, 2005	-	-	-	(558,404)	(558,404)
Balance, March 31, 2005	28,978,000	$ 28,978	416,325	(577,590)	(132,287)
Issuance of common stock pursuant to cash received in prior period	900,000	900	(900)	-	-
Issuance of common stock pursuant to private placements	600,000	600	59,400	-	60,000
Common stock issued for consulting services provided	350,000	350	64,650	-	65,000
Issuance of common stock pursuant to private placements	2,400,000	2,400	100,297	-	102,697

Cash received for shares issued after year end	-	-	8,060	-	8,060
Net loss for the period ended March 31, 2006	-	-	-	(894,850)	(894,850)
Balance, March 31, 2006	33,228,000	$ 33,228	647,832	(1,472,440)	(791,380)
Common stock issued for cash received before year end	189,654	190	(190)	-	-
Issuance of common stock pursuant to private placements	2,200,000	2,000	83,811	-	85,811
Issuance of common stock pursuant to private placements	2,700,000	2,700	132,300	-	135,000
Issuance of common stock pursuant to investment	20,000,000	20,000	80,000	-	100,000
Issuance of common stock pursuant to debt forgiveness	27,750,000	27,750	377,400	-	405,150
Net loss for the year ended March 31, 2007	-	-	-	(315,185)	(315,185)
Balance, March 31, 2007	85,867,654	85,868	1,321,153	(1,787,625)	(380,604)

See accompanying notes to financial statements.

Midland International Corporation
(A Development Stage Company)
Condensed Statement of Change in Stockholders' Deficiency
April 1, 2007 to June 30, 2007
(UNAUDITED)

	Common Stock					
	Shares	Amount	Additional Paid-in Capital	Common Stock Subscribed	Accumulated Income (Deficit)	Total Stockholders' Equity/
Balance, March 31, 2007	85,867,654	$ 85,868	1,321,153	-	(1,787,625)	(380,604)
Common stock subscriptions received	-	-	-	634,000	-	634,000
Issuance of common stock pursuant to private placements	7,680,000	7,680	376,320	(384,000)	-	-
Issuance of common stock for consulting services	2,700,000	2,700	132,300	-	-	135,000
Issuance of common stock pursuant to debt forgiveness	2,450,000	2,450	33,320	-	-	35,770
Net loss for the period ended June 30, 2007	-	-	-	-	(459,344)	(459,344)
Balance, June 30, 2007	98,697,654	$ 98,698	1,863,093	250,000	(2,246,969)	(35,178)

See accompanying notes to financial statements.

Midland International Corporation
(A Development Stage Company)
Condensed Statements of Cash Flows
(UNAUDITED)

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	May 1, 1996 (Inception) to June 30, 2007
Net cash used in operations			
Net loss	$ (459,344)	$ (56,907)	$ (2,246,969)
Adjustments to reconcile net loss to net cash used in operating activities:			
Amortization	5,000	-	5,050
Share of loss of equity accounted investee	623	-	623
Loss on disposal of capital asset	-	-	10,003
Writedown of intangible assets	-	-	30,000
Bad debt expense	-	-	60,000
Common stock for consulting services provided	135,000	-	295,250
Changes in operating assets and liabilities:			
Accounts receivable	-	-	(60,000)
Inventory	-	-	49,500
Prepaid expenses	-	-	-
Accounts payable and accrued liabilities	(10,389)	20,439	138,951
Net cash used in operating activities	(329,110)	(36,468)	(1,717,592)
Cash flows provided by investing activities:			
Proceeds from disposition of capital assets	-	-	15,000
Net cash provided by investing activities:	-	-	15,000
Cash flows provided by financing activities:			
Increase (decrease) in bank indebtedness	-	(104)	-
Proceeds from the Issuance of common stock	634,000	-	1,271,068
Proceeds from (payments to) related parties	(258,964)	43,295	478,517
Repayment of notes payable - related party	(25,000)	-	(25,000)
Net cash provided by financing activities:	350,036	43,191	1,724,585
Increase in cash	20,926	6,723	21,993
Cash, beginning of period	1,067	-	-
Cash, end of period	$ 21,993	$ 6,723	$ 21,993

Supplemental Cash Flow Information:

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	May 1, 1996 (Inception) to June 30, 2007
Income Taxes Paid	$ -	$ -	$ -

Interest Paid	$	-	$	-	$	-
Non-Cash Activities						
Shares issued as consideration for technology development	$	-	$	-	$	65,000
Shares issued as consideration for assets purchased	$	-	$	-	$	74,503
Issuance of common stock for consulting services	$	135,000	$	-	$	195,000
Issuance of common stock for debt forgiveness arrangement	$	35,770	$	-	$	440,920

See accompanying notes to financial statements.

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Midland International Corporation
(A Development Stage Company)

Notes to the Condensed Financial Statements
June 30, 2007
(Unaudited)

Note 1 - Basis of Presentation and business operations

Basis of presentation - Going concern

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, we had assets of $398,853, a working capital deficit of $229,555 and an accumulated deficit of $2,246,969 at June 30, 2007. As a result, substantial doubt exists about our ability to continue to fund future operations using its existing resources.

In the past our operations were funded through private placement of common equity, the sale of certain assets and loans from related parties. Although the amounts due to related are reflected as current liabilities, there are no specific repayment terms. In order to ensure the success of the new business, we will have to raise additional financing to satisfy existing liabilities and to provide the necessary funding for future operations.

The accompanying condensed unaudited financial statements of Midland International Corporation (the “Company”) have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and Item 310(b) of Regulation S-B. 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, 2007 are not necessarily indicative of the results that may be expected for the year ending March 31, 2008. For further information, refer to the financial statements and footnotes thereto included in the Company’s annual report on Form 10-KSB for the year ended March 31, 2007.

Business operations

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

Note 2 - Recent developments

Prolink North America and Prolink International AS Agreements

In February 2007, we entered into a series of agreements whereby we acquired the United States licensing, North American manufacturing and Canadian non-government distribution rights of photo luminous pigments and production of foil used in manufacturing of photo luminous materials (“PLM”) and acquired a 30% interest in Prolink Property Rights AS, Norway (“PPRAS”), the holder of the world-wide intellectual property rights to the PLM products, for a cost of US$100,000. As part of the acquisition and investment we also became obligated to pay royalties of CAD$2.00 per exit sign to a maximum of CAD$1,000,000, 1% of all sales arising from other products utilizing PLM, issued a non-interest bearing note in the principal amount of US$100,000 in favor of Lumonall Canada Inc., which is due and payable in four installments over one year on May 31, 2007, August 31, 2007, November 30, 2007 and February 28, 2008. We also became obligated to provide Prolink North America a secured non-interest bearing demand loan to pay a maximum aggregate of $300,000 owed by Prolink North America Inc. to Prolink International AS, which balance is due upon demand.

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

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

New Management

Also in April, we appointed a new President and COO. Mike Hetherman, of the Willis Supply Group in Burlington, Ontario, Canada (near Toronto), has been in the Building materials Distribution business for over 20 years. In the mid 80's he started as a designer, and in 1992 became partners in Willis Supply. Willis was established 40 years ago and has exclusive distribution of significant Building Material brands such as DuPont Corian®, DuPont Zodiaq®, and Arpa® Italian Laminates to name a few. Under his leadership Willis expanded from Ontario to across Canada and the Pacific Northwest USA. A few years ago, Mr. Hetherman took Willis to China and now sources many quality building products for the North American market. Today, he is sole owner of Willis, Chairman of the North American DDP (DuPont Distributor Partnership) and Chairman of the Exclusive DuPont Council.

Distributors

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

Name Change and Increase in Authorized Share Capital

On or about August 7, 2007 we mailed to our shareholders an Information Statement in connection with certain shareholder action taken by written consent of the holders of a majority of our outstanding shares entitled to vote at a meeting of shareholders to approve amendments to our Articles of Incorporation. The purpose of the Amendments is to increase our authorized capital stock from 105,000,000 shares, consisting of 100,000,000 shares of Common Stock having a par value of $.001 per share and 5,000,000 shares of Preferred Stock having a par value of $.001 per share, to 205,000,000 shares of authorized capital, consisting of 200,000,000 shares of Common Stock having a par value of $.001 per share and 5,000,000 shares of Preferred Stock having a par value of $.001 per share, and to change our name to “Lumonall, Inc.”

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Our Board of Directors approved the Amendments on February 7, 2007, by written unanimous consent, and recommended that the Amendments be approved by our shareholders. The Amendments require the approval of holders of a majority of the shares entitled to vote at a shareholder meeting. Under Nevada law, we are permitted to obtain approval of the Amendments by written consent of the holders of outstanding shares of voting capital stock having not less than the minimum number of votes that would be necessary to approve the Amendments at a meeting at which all shares entitled to vote thereon were present and voted. On June 7, 2007, holders of a majority of the voting capital stock acted by written consent to approve the Amendments.

Shareholders of record at the close of business on June 7, 2007, are entitled to receive this Information Statement. As the Amendments have been duly approved by shareholders holding a majority of our voting capital stock, approval or consent of the remaining shareholders is not required and is not being solicited hereby or by any other means.

The Amendments will become effective when filed with the Secretary of State of the State of Nevada. On August 16, 2007 we were notified that the name change had been approved and that the trading symbol was going change to “LUMN” effective August 17, 2007.

Private Placement Subscriptions

Subsequent to June 30, 2007, we received cash proceeds of $211,000 for subscriptions of 4,220,000 shares of our common stock.

Note 3 - 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 polices 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 revenue and expenses during the period. Actual results could differ from those estimates, and such differences could be material.

Cash and cash equivalents

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

Development stage

The Company has operated as a development stage enterprise since its inception by devoting substantially all of its efforts to financial planning, raising capital, research and development, and developing markets for its products. Accordingly, the financial statements of the Company have been prepared in accordance with the accounting and reporting principles prescribed by SFAS No. 7, "Accounting and Reporting by Development Stage Enterprises," issued by FASB.

The Company was substantially inactive from May 1, 1996 through September 30, 2004. Activities began on or about October 1, 2004.

Fair value of financial instruments

The carrying value of receivables, bank indebtedness, accounts payable and accrued liabilities, income taxes payable, and customer deposits approximates fair value because of the short maturity of these instruments. The carrying value of long-term debt and due to and from 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 No. 109, "Accounting for Income Taxes". Under the assets and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Additionally, a valuation allowance is established when necessary to reduce deferred income tax assets to the amounts expected to be realized. Under Statement 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Basic and diluted earnings (loss) per share

The Company reports basic earnings (loss) per share in accordance with Statement of Financial Accounting Standards No. 128, "Earnings Per Share". Basic earnings (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.

Recent issued accounting standards

In February 2007, the FASB issued FASB Statement NO. 159, “The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115” (“SFAS 159”). The fair value option established by SFAS 159 permits all entities to choose to measure eligible items at fair value at specified election dates. A business entity will report unrealized gains or loses on items for which the fair value option has been elected in earnings (or another performance indication if the business entity does not report earnings) at each subsequent reporting date. The fair value option: (a) may be applied instrument by instrument, with a few exceptions, such as investments otherwise accounted for by the equity method; (b) is irrevocable (unless a new election date occurs); and (c) is applied only to entire instruments and not to portions of instruments. FASB No. 159 is effective as of the beginning of the fiscal years beginning after November 15, 2007. The adoption of SFAS 159 is not expected to be material to the Company’s financial statements.

Note 4 - Related Party Transactions

Periodically expenses of the Company are paid by related parties on behalf of the Company. These transactions result in non-interest bearing payables to related parties with no specific terms of repayment other then described below. At June 30, amounts due to related parties amounted to $220,080 and amounts due from related parties totaled $182,483. Related parties of the Company include entities under common management.

The Company was obligated to pay $20,000 per month to December 2005 for management services of certain executives to Wireless Age Communications Inc. (“Wireless Age”). On December 31, 2005, the Company terminated the management services agreement and provided Wireless Age an 8% promissory note in the amount of $424,734, pursuant to which the Company agreed to repay the note over a one year period with an initial payment of $100,000 on March 15, 2006, followed by three payments of $108,244.66 on June 30, 2006, September 30, 2006 and December 31, 2006. The Company also agreed to enter into a General Security Agreement providing a first charge security position on all of the assets of the Company to Wireless Age. On June 28, 2006, Wireless Age agreed to provide an option to John Simmonds to acquire its interest in the Company and the promissory note for a cash payment of $200,000 before December 31, 2006.On December 31, 2006, a portion of the option expired and subsequently Wireless Age agreed to accept $150,000 over a six month period beginning June 2007 as repayment of the principal under promissory note plus accrued and unpaid interest. The Company offset the forgiveness of $300,000 of debt as part of an exchange for issuance of common shares. The Company is in default of the agreement to repay the indebtedness.

The Company is obligated to pay Simmonds Mercantile and Management Inc. (“Simmonds Mercantile”) $20,000 per month for certain executive level management services. The Company’s head office was also located at the offices of Simmonds Mercantile. Simmonds Mercantile is solely owned by the Company’s CEO John Simmonds. During the year ended March 31, 2007, Simmonds Mercantile agreed to forgive unpaid management fees (and other related parties of Simmonds Mercantile) of approximately $175,000 as part of a commitment to issue 35,000,000 common shares for debt forgiveness to a group of investors led by an officer and director. As of June 30, 2007, 30,200,000 common shares had been issued.

Pursuant to the terms of consulting services agreement with David Smardon, a shareholder and director the Company, the Company is obligated to pay $3,000 per month for his strategic consulting services. At March 31, 2006 the Company owed $36,000 for consulting services provided. During the twelve month period ended March 31, 2007 David Smardon agreed to forgive the obligation and accordingly the Company reversed the fees.

Pursuant to the Company's acquisition of the US licensing and manufacturing rights the Company agreed to fund the payment of certain cash obligations of Prolink North America Inc. As at June 30, 2007, the Company had advanced $166,103 to Prolink North America Inc. for such purposes. In addition 4,800,000 shares of the Company's common stock, valued at $70,080 had not been issued to Lumonall Canada Inc. and has been recorded as current related party liability.

At June 30, 2007, the amounts due to related parties were:

Wireless Age Communications, Inc.	$	150,000
Lumonall Canada Inc.		70,080
	$	220,080

At June 30, 2007, the amounts due from related parties were:

Prolink North America Inc.	$	166,103
Lumonall Canada Inc.		16,380
	$	182,483

Note 5 - Investments

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

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

The Company valued the initial investment in PPRAS at $100,000. The Company's carrying value of its investment in PPRAS can be summarized as follows:

Initial investment	$	100,000
Less:		
Equity share of earnings (losses) from inception to June 30, 2007		(623)
	$	99,377

The carrying value of the investment exceeds the proportionate share of net assets of the investee by approximately $94,000. The investee was recently incorporated and has not placed any material value on the worldwide intellectual property rights. Management believes the carrying value of its investment in PPRAS as at June 30, 2007, is valued appropriately.

PPRAS assets totaled $17,405 at June 30, 2007 and there are no liabilities. The losses since incorporation to June 30, 2007 have been $2,076.

Note 6 - Licensing and Manufacturing Rights

Pursuant to an agreement entered into on February 6, 2007, the Company acquired the USA licensing, North American manufacturing and Canadian non-government distribution rights of PLM from a related party known as Lumonal Canada Inc. Lumonall is considered a related party by virtue of certain common officers and directors. Lumonall obtained the North American PLM rights from PPRAS. The PLM rights are indefinite lived assets and have been valued initially at $100,000. The Company conservatively estimates the useful life of the rights at 5 years and accordingly is amortizing the initial value on a straight line basis over the estimated useful life.

The Company's carrying value of the intangible assets is summarized as follows:

Initial investment in rights	$	100,000
Less:		
Amortization to June 30, 2007		5,000
	$	95,000

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

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

The Company also became obligated to provide a secured non-interest bearing demand loan to Prolink North America Inc. to pay certain historic amounts owed by Prolink North America Inc. to Prolink International AS. As of June 30, 2007, the Company had advanced approximately $166,103 under the requirement. The Company estimates the total amount to be advanced could be as high as $300,000.

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

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

Pursuant to the terms of the acquisition the Company agreed to issue a $100,000 note payable to Lumonall Canada Inc. (Note 7).

Note 7 - Note Payable - Related Party

		2007		2006
Note payable, unsecured, non-interest bearing, repayable in four instalment payments of $25,000 on August 31, 2007, November 30, 2007 and February 28, 2008 (principal $75,000).	$	75,000	$	-
Less: current portion:		(75,000)		-
	$	-	$	-

Item 2. Management's Discussion and Analysis or Plan of Operation.

FORWARD-LOOKING STATEMENTS

Certain matters discussed in this Annual Report may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and as such may involve risks and uncertainties. These forward-looking statements relate to, among other things, expectations of the business environment in which the Company operates, projections of future performance, perceived opportunities in the market and statements regarding the Company's goals. The Company's actual results, performance, or achievements expressed or implied in such forward-looking statements may differ.

BACKGROUND

The Company was 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 ("Company"), a Nevada corporation. On July 21, 2005 the Company officially changed its name to Midland International Corporation ("Midland").

As of February 2007, we adopted a new business plan. We acquired the United States licensing, North American manufacturing and Canadian non-government distribution rights of photo luminous pigments and production of foil used in manufacturing of photo luminous materials ("PLM") and made a 30% investment in an entity that holds the world wide intellectual rights to these PLM products.

RESULTS OF OPERATION

Comparison of Results of Operations for the Three Month Period Ended June 30, 2007 and 2006

We generated no revenues in the three-month periods ended June 30, 2007 and 2006. The new PLM business plan was begun during the fourth quarter of fiscal 2007 and did not result in any revenues.

We incurred management fees of $60,000 in the three-month period ended June 30, 2007, compared to nil in the same period ended June 30, 2006. Management fees during the current period were for the services of John Simmonds, our CEO, and Carrie Weiler, our Corporate Secretary.

We incurred office and general expenses of $152,290 in the three-month period ended June 30, 2007 compared to $1,727 in the same period ended June 30, 2006, an increase of approximately $151,000. 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, 2007 marketing development costs totaled $52,521, travel and auto costs totaled $36,561, administrative salary costs were $19,554, and telephone and cellular costs totaled $20,815, all of which were associated with the new business plan. We expect operating costs to increase as we pursue the new business.

We also incurred professional and consulting fees of $46,427 in the three-month period ended June 30, 2006, compared to $241,431 in the same period ended June 30, 2007. Professional and consulting fees during the current year included various fees associated with the new business opportunity, including services provided valued at $135,000 for which we paid with 2,700,000 shares of our common stock.

We incurred interest expense of $8,753 during the three month period ended June 30, 2006 compared to nil during the three month period ended June 30, 2007. Interest expense arose from an 8% promissory note issued to Wireless Age Communications, Inc. for unpaid management fees.

Prolink Property Rights AS, an entity in which we have a 30% interest, generated losses of $2,077, of which $623 is our share during the three month period ended June 30, 2007.

As a result, we incurred a net loss of ($56,907) during the three month period ended June 30, 2006, (approximately $0.002 per share) compared to a net loss of ($459,344) in the same period ended June 30, 2007 (approximately $0.005 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.

PLAN OF OPERATION

We hold the USA licensing, North American manufacturing and Canadian non-government distribution rights of photo luminous pigments and production of foil used in manufacturing of photo luminous materials (“PLM”). and we made a 30% investment in an entity that holds the world wide intellectual rights to these PLM products. We anticipate beginning to realize on these rights and this investment in fiscal 2008.

With the rights to Prolink International’s PLM formulation, and a North American distribution network in place, we have cleared some hurdles already. Looking forward, the keys to success will be to further train and equip that network for anticipated sales, add a North American manufacturing plant to service our customers’ needs here, as well as complementing the Norwegian production base, and continue to develop awareness and educate the public on the benefits of PLM with regard to safety and energy conservation.

We will shortly be unveiling a media strategy to improve awareness regarding PLM Exit Signs and Safety Way Guidance Systems (“SWGS”), as well as lobbying all levels of government to further effect both energy saving legislation, in addition to building safety requirements.

Our online presence will also be growing, aiding in the education process for both our distributors and the general public. The new site will provide improved services for our distribution network, as well as the general public. This will likely include streaming video demonstrations (for both Exit Signs and SWGS), an on-line product catalogue, product FAQs, and a marketing materials database.

These measures, in the short term, address the North American marketplace and our presence here. As we develop our infrastructure and grow in sales, we will start capitalizing on our worldwide opportunities.

Following that, we are continuing with research and development in order to further identify other products and applications for PLM.

We will need to raise additional cash to continue to pay its operating expenses in the next twelve months until the revenues of the new venture exceed the day to day operating costs. We also plan to seek other opportunities in North America.

We plan to raise additional funds, in the next twelve months, through the issuance of its common stock or through a combination of equity and debt security instruments. It is anticipated that the debt security instruments will have conversion features that would cause further dilution to existing shareholders.

LIQUIDITY AND CAPITAL RESOURCES

Our total assets increased from $306,189 at March 31, 2007 to $398,853 at June 30, 2007. The increase is primarily the result of increased activity associated with the PLM business.

We hold a 30% interest in Prolink Intellectual Properties Inc. which we value at $99,377 and also hold intangible assets (USA licensing, North American manufacturing and Canadian non-government distribution rights to PLM products) valued at $95,000. In addition we advanced $182,483 to related parties (including $166,103 to Prolink North America Inc. as part of our agreements under the new business plan).

Our total liabilities decreased from $686,793 at March 31, 2007 to $434,031 at June 30, 2007. The decrease is primarily the result of due to related parties balances decreasing from $437,453 at March 31, 2007 to $220,080 at June 30, 2007. 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. Accounts payable and accrued liabilities decreased from $149,340 at the beginning of the year to $138,951 at the end of the current quarter. We also repaid $25,000 of a $100,000 promissory note to Lumonall Canada Inc. We are obligated to repay the remaining note over a one year term.

The stockholders' deficiency decreased from ($380,604) at March 31, 2007 to ($35,178) at June 30, 2007. The increase is attributable to private placements generating net proceeds of $634,000 during the three month period ended June 30, 2007, the issuance of 2,450,000 common shares, valued at $35,770 as consideration for assisting in certain related party debt forgiveness, the issuance of 2,700,000 common shares, valued at $135,000 for consulting services provided and our loss of $459,344 for the current quarter. (See Statement of Stockholders' Deficiency contained in the financial statements).

At June 30, 2007, we had a working capital deficit of $229,555. We had cash balances of $21,993 at June 30, 2007 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 $138,951 we also owe related companies $220,080 (some of is without specific repayment terms) and $75,000 through a promissory note which has regular quarter repayment dates over the next year. Our only source for capital could be loans or private placements of common stock.

During the three month period ended June 30, 2007 we; 1) used $329,110 in cash in operating activities arising primarily from operating losses, and 2) generated $350,036 in cash from financing activities. Financing activities included cash proceeds of $634,000 from private placements of common stock, partially offset by repayments of amounts to related parties of $258,964 and repayment of related party notes payable of $25,000.

Subsequent to June 30, 2007, we received additional cash proceeds of $211,000 in common stock subscriptions.

We remain in the development stage and, since inception, have experienced significant liquidity problems and have no significant capital resources now at June 30, 2007.

Our current cash resources may not be insufficient to support the business over the next 12 months and we are unable to carry out any plan of business without funding. We estimate that we may need additional debt or equity capital to fully implement our business plan in the future and there are no assurances that we will be able to raise this capital when needed. However, while there are no definitive agreements in place as of the date of this report, we are currently engaged in various discussions with interested parties to provide funds or otherwise enter into a strategic alliance to provide such funding. The inability to obtain sufficient funds from external sources when needed will have a material adverse affect on our results of operations and financial condition.

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

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

Going concern qualification: We have incurred significant losses from operations for the three month period ended June 30, 2007, and such losses are expected to continue. In addition, we have a working capital deficit of $229,555 and an accumulated deficit of $2,246,969. 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.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

We have a debt obligation to repay a $75,000 promissory note in quarterly payments of $25,000 on August 31, 2007, November 30, 2007 and February 28, 2008.

Under the terms of the acquisition of the USA licensing, North American manufacturing and Canadian non-government distribution rights to PLM products, the Company agreed to pay the following royalties to Prolink North America:

1. A sign royalty of approximately $1.73 (CAD$2.00) per sign, capped at approximately $866,101 (CAD$1,000,000).

2. Non-sign 1% royalty on net sales from all other photo luminous products.

We also became obligated to provide Prolink North America a non-interest bearing secured demand loan to pay certain historic amounts owed by Prolink North America Inc. to Prolink International AS. As of June 30, 2007, we had advanced approximately $166,103 under the requirement. Management estimates the total amount to be advanced could be as high as $300,000.

We agreed to pay the following further royalty to Lumonall Canada Inc:

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

Item 3. Controls and Procedures

a. Evaluation of Disclosure Controls and Procedures:

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports filed under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon and as of the date of that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports the Company files and submits under the Exchange Act is recorded, processed, summarized and reported as and when required.

b. Changes in Internal Control over Financial Reporting:

There were no changes in the Company's internal control over financial reporting identified in connection with the Company evaluation of these controls as of the end of the period covered by this report that could have significantly affected those controls subsequent to the date of the valuation referred to in the previous paragraph, including any correction action with regard to significant deficiencies and material weakness.

PART II. Other Information

Item 1. Legal Proceedings

None

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

Date	Name	# of Shares	Proceeds	
3-Apr-07	Louie Yoannou	100,000	5,000	
3-Apr-07	Troy Sotiroff	100,000	5,000	
3-Apr-07	Alan Fernandes	200,000	10,000	
19-Apr-07	Louie Yoannou	100,000	5,000	
19-Apr-07	Troy Sotiroff	100,000	5,000	
19-Apr-07	Alan Fernandes	200,000	10,000	
30-Apr-07	Brom Potechin	1,000,000	50,000	
30-Apr-07	Andrew Penuvchev	2,000,000	Nil	Note 1
3-May-07	Katemy Holdings	2,000,000	100,000	
3-May-07	Gracom Holdings	2,450,000	Nil	Note 2
3-May-07	Sharon Masuda	20,000	1,000	
3-May-07	Mike Turrow	20,000	1,000	
28-May-07	Audiostocks	700,000	Nil	Note 1
30-May-07	R.G. Willis & Company	1,000,000	50,000	
30-May-07	Morgan Stanley & Co.	500,000	25,000	
30-May-07	Lisa Cherry	100,000	5,000	
30-May-07	Luke Cherry	240,000	12,000	
30-May-07	Mark Hetherman	1,000,000	50,000	
30-May-07	Johnson Rev Trust	1,000,000	50,000	

Note 1: Issued pursuant to consulting services provided.
Note 2: Issued pursuant to debt forgiveness agreement.

The Company entered into the aforementioned transaction in reliance upon the exemption from securities registration afforded by Section 4(2) of the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, including Regulation S.

Item 3. Defaults Upon Senior Securities

The Company was in default on June 30, 2007 on repayments of a secured $150,000 liability pursuant to an agreement with Wireless Age Communications Inc. The default is on going after June 30, 2007.

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

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.

Date: August 17, 2007

By: /s/ John G. Simmonds

John G. Simmonds
CEO/Director

By: /s/ Gary N. Hokkanen

Gary N. Hokkanen
CFO