

Edgar Filing: Midland International CORP - Form 10KSB

Midland International CORP
Form 10KSB
July 14, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC. 20549

FORM 10-KSB

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

For the fiscal year ended March 31, 2006

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 in Its Charter)

AZONIC CORPORATION
(Former Name of Corporation if Changed Since Last Report)

NEVADA
(State or Other Jurisdiction
of Incorporation)

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

765 15TH SIDEROAD
KING CITY, ONTARIO, CANADA L7B 1K5
(Address of Principal Executive Offices)

(905) 773-1987
(Issuer's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, par value \$0.001

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-B is not contained herein, and will not be contained, to the best of the registrant's knowledge, in the definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB .

The issuer's revenues for the fiscal year ended March 31, 2006 were \$60,000.

Based on the closing price on June 30, 2006 of \$0.07 per share of common stock, as reported by the NASD's OTC Bulletin Board, the aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant was approximately \$11,628,857.

Edgar Filing: Midland International CORP - Form 10KSB

As of July 3, 2006, the number of shares outstanding of the registrant's Common Stock was 33,417,654 shares.

Indicate by check mark whether the Company is an accelerated filer (as defined in Rule 12b-2 of the Act): Yes No

DOCUMENTS INCORPORATED BY REFERENCE

The following document is incorporated by reference into Part III of the Annual Report on Form 10-KSB: The Definitive Proxy Statement for the issuer's 2006 Annual Meeting of Stockholders.

Transitional Small Business Disclosure Format (Check one): Yes No .

2

PART I

ITEM 1 - DESCRIPTION OF BUSINESS

BACKGROUND

Midland International Corporation 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 ("Azonic Colorado") on June 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 Company changed its name to Midland International Corporation (referred to herein as "Midland International," the "Company," "Registrant" and "Issuer").

CORPORATE OFFICES

The corporate offices are located at 765 15th Sideroad, King City, Ontario, Canada L7B 1K5 at the offices of Simmonds Mercantile and Management Inc., a company solely owned by an officer and director of the Company. The Company pays no rent for the shared use of this facility.

BUSINESS PLAN

Midland International had planned to market low-cost, wireless devices including cellular phones, but due to difficulties in assembling the necessary business partners is evaluating other business opportunities. The Company disposed of all of the analog handsets and intellectual property associated with the analog business plan to a third party. The third party has not been successful in advancing the analog low-cost opportunity. The Company therefore is considering all available options including a complete change in business direction.

NEED FOR ADDITIONAL FINANCING

The Company does not have capital sufficient to meet the Company's cash needs to carry out its business plan. The Company will have to seek loans or equity placements to cover such cash needs. Lack of its existing capital will be a significant impediment in accomplishing the goal of completing its business plan. There is no assurance, however, that without funds it will ultimately allow the Company to compete.

Edgar Filing: Midland International CORP - Form 10KSB

The Company's audit opinion contains "going concern" language. There is substantial doubt about the ability of the Company to continue as a "going concern." The Company is a startup business with non-recurring revenues, a working capital deficit of \$791,380 and an accumulated deficit of \$1,472,440. The effect of such conditions could easily be to cause the Company's bankruptcy, even when there are no assets to liquidate in Bankruptcy.

RECENT DEVELOPMENTS

Corporate name and stock symbol change

On July 21, 2005 the Company officially changed its name from Azonic Corporation to Midland International Corporation. This was completed by submitting the necessary filings with the United States Securities and Exchange Commission and the State of Nevada. The stock symbol was changed to MLIC.OB effective July 21, 2005.

ITEM 2 - DESCRIPTION OF PROPERTY

The executive offices of the Company are located at 765 15th Sideroad, King City, Ontario, Canada L7B 1K5 (tel. 905-773-1987, fax 905-773-1241) at the premises of Simmonds Mercantile and Management Inc., an entity solely owned by an officer and director of the Company. The Company does not pay rent for the use of these facilities.

3

ITEM 3 - LEGAL PROCEEDINGS

The Company is unaware of any material pending legal proceedings to which the Company is a party or of which any of its property is subject. The Company's management is not aware of any threatened proceedings by any person, organization or governmental authority.

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

No matters were submitted to a vote of the Company's stockholders during the fourth quarter of fiscal 2006.

4

PART II

ITEM 5 - MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION

(a) During the fiscal year ended March 31, 2006, the Common Shares were quoted under symbol "MLIC" on both the Pink Sheets operated by the National Quotation Bureau and on the OTC Bulletin Board.

2005 FISCAL YEAR (4/1/04 TO 3/31/05)

	High	Low
1st Quarter (4/1/04-6/30/04)	*	*
2nd Quarter (7/1/04-9/30/04)	*	*
3rd Quarter (10/1/04-12/31/04)	1.45	0.75
4th Quarter (1/1/05-3/31/05)	0.90	0.50

Edgar Filing: Midland International CORP - Form 10KSB

2006 FISCAL YEAR (4/1/05 TO 3/31/06)

	High	Low
1st Quarter (4/1/05-6/30/05)	0.55	0.35
2nd Quarter (7/1/05-9/30/05)	0.55	0.07
3rd Quarter (10/1/05-12/31/05)	0.51	0.05
4th Quarter (1/1/06-3/31/06)	0.15	0.06

* No reliable quotes are available due to inactivity in the Pink Sheets and the OTC Bulletin Board. During the portion of the 2nd Quarter from July 13, 2004 until September 30, 2004, the low was .25 and the high was 1.90.

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

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

(b) As of March 31, 2006, there were 93 stockholders of record of the Registrant's common stock, including 48 beneficial holders.

(c) The Registrant has neither declared nor paid any cash dividends on its common stock, and it is not anticipated that any such dividend will be declared or paid in the foreseeable future.

(d) There are currently no securities authorized for issuance by the Company under any equity compensation plans.

5

ITEM 6 - 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

Edgar Filing: Midland International CORP - Form 10KSB

implied in such forward-looking statements may differ.

RESULTS OF OPERATION

Overview

The Company had planned to market low-cost, wireless devices including cellular phones, but due to difficulties in assembling the necessary business partners, to be successful, is evaluating other business opportunities. During fiscal 2006, the Company disposed of all of the analog handsets and intellectual property associated with the analog business plan to a distributor. The distributor has not been successful in advancing the analog low-cost opportunity. The Company therefore is considering all available options including a complete change in business direction.

TWELVE MONTH PERIOD ENDED MARCH 31, 2006 AND 2005

The Company had revenues of \$60,000 in the twelve month period ended March 31, 2006 and no revenues in the same twelve month period for 2005. The Company sold the entire analog cell phone handset inventory in exchange for a \$60,000 non-interest bearing promissory note due June 21, 2006. The gross profit earned on the sale was \$10,500. The Company also sold all capital assets and intellectual property associated with the analog cell phone handset business for \$15,000 cash representing a loss on disposition of \$10,003. The reason for the sale was that the analog portion of the business was not central to the development of the business plan.

The Company incurred office and general expenses of \$112,438 in the twelve month period ended March 31, 2006 compared to \$111,654 in the same period ended March 31, 2005. Office and general expenses include travel, communications and other similar costs associated with operating the business in its current state of evolution.

The Company incurred management fees of \$456,000 in the twelve month period ended March 31, 2006 compared to \$268,000 in the same period ended March 31, 2005. Management fees consisted of \$240,000 paid to Simmonds Mercantile and Management Inc. (a related party due to certain common directors and stockholders) for the services of John Simmonds, the Company's CEO and Carrie Weiler, the Company's Corporate Secretary, and other non executive personnel, \$180,000 paid to Wireless Age Communications, Inc. also a related party due to certain common officers, directors and ownership, for the services of Gary Hokkanen, the Company's CFO and other managerial level accounting and finance personnel, and \$36,000 paid to David Smardon, Chairman of the Board of Directors, for strategic consulting services.

The Company also incurred professional and consulting fees of \$288,370 in the twelve month period ended March 31, 2006 compared to \$178,750 in the same period ended March 31, 2005. Professional and consulting fees consisted of services provided for investor relations paid with 78,000 shares of the Company's common stock valued at \$60,000, \$40,000 of which has been expensed in the current twelve month period, technology development costs associated with a new application of the low-cost cell phone in the gaming marketplace, paid with 1,000,000 shares of the Company's common stock, valued at \$130,000 of which \$66,667 has been expensed in the current twelve month period.

The loss on operations was (\$894,850) in the twelve month period ended March 31, 2006 compared to (\$558,404) in the same period ended March 31, 2005. Loss per share was (\$0.03) in 2006 compared to (\$0.02) in 2005.

Management expects the operating losses to continue until all necessary business partners are assembled and commercially reasonable terms have been negotiated.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

Intangibles, Goodwill and Other Assets

The Company regularly reviews all of its long-lived assets, including goodwill and other intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors the Company considers important that could trigger an impairment review include, but are not limited to, significant underperformance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the strategy for the Company's overall business, and significant negative industry or economic trends. When management determines that an impairment review is necessary based upon the existence of one or more of the above indicators of impairment, the Company measures any impairment based on a projected discounted cash flow method using a discount rate commensurate with the risk inherent in our current business model. Significant judgment is required in the development of projected cash flows for these purposes including assumptions regarding the appropriate level of aggregation of cash flows, their term and discount rate as well as the underlying forecasts of expected future revenue and expense. To the extent that events or circumstances cause assumptions to change, charges may be required which could be material.

Effective October 1, 2005, the Company adopted SFAS No 142, "Goodwill and Other Intangible Assets". SFAS No. 142 no longer permits the amortization of goodwill and indefinite-lived intangible assets. Instead, these assets must be reviewed annually (or more frequently under prescribed conditions) for impairment in accordance with this statement. If the carrying amount of the reporting unit's goodwill or indefinite-lived intangible assets exceeds the implied fair value, an impairment loss is recognized for an amount equal to that excess. Intangible assets that do not have indefinite lives are amortized over their useful lives.

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, obligations under capital lease 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.

Edgar Filing: Midland International CORP - Form 10KSB

FINANCIAL CONDITION

Total assets of the Company decreased from \$194,452 at March 31, 2005 to \$0 at March 31, 2006. The decrease in total assets during the year ended March 31, 2006 is primarily the result of the disposition of all assets.

Capital assets, net of accumulated depreciation decreased from \$25,000 at March 31, 2005 to \$0 at March 31, 2006. The decrease is the result of the disposition of all capital assets.

7

Intangible assets totaling \$30,003 acquired during the previous year were disposed of leaving a balance of \$0 on the balance sheet at March 31, 2006.

Total liabilities of the Company increased from \$326,739 at March 31, 2005 to \$791,380 at March 31, 2006. The increase is the result of borrowings from related parties. 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.

The stockholders' deficiency increased from (\$132,287) at March 31, 2005 to (\$791,380) at March 31, 2006. The increase is attributable to a net increase in common stock, additional paid-in capital and other comprehensive income offset by the loss for the year. Common stock, common stock subscribed and additional paid-in capital increased by \$235,757. (See Statement of Stockholders' Equity contained in the financial statements).

The Company's accumulated deficit increased from (\$577,590) at March 31, 2005 to (\$1,472,440) at March 31, 2006 as a result of the (\$894,850) loss for the year.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2006, the Company had a working capital deficit of \$791,380. The Company had no cash balances at March 31, 2006 and the Company is largely reliant upon the ability of the Company to arrange equity private placements or alternatively advances from related parties to pay any expenses incurred. In addition to normal accounts payable of \$108,102 the Company also owes related companies \$683,174. Its only source for capital could be loans or private placements of common stock.

The Company remains in the development stage and, since inception, has experienced significant liquidity problems and has no significant capital resources now at March 31, 2006.

Plan of Operations and Need for Additional Funding

The current cash resources are insufficient support the business over the next 12 months and the Company is unable to carry out any plan of business without funding. The Company cannot predict to what extent its current lack of liquidity and capital resources will impair the business operations whether it will incur further operating losses. There is no assurance that the Company 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.

The Company estimates it will require approximately \$500,000 to cover legal, accounting, transfer, consulting, management fees and the miscellaneous costs of being a reporting company in the next fiscal year.

The Company does not intend to pursue or fund any research or development

Edgar Filing: Midland International CORP - Form 10KSB

activities during the coming year.

The Company does not intend to add any additional part-time or full-time employees until the activities of the Company can support it. It may become necessary for the Company to hire a sales person or sales staff in the near future.

The business plan of the Company does call on the Company to not make any large capital expenditures in the coming year.

Going concern qualification: The Company has incurred significant losses from operations for the year ended March 31, 2006, and such losses are expected to continue. In addition, the Company has a working capital deficit of \$791,380 and an accumulated deficit of \$1,472,440. 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 the Company. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

8

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Company does not have any contractual debt obligations and or any other commercial commitments that represent prospective cash requirements in addition to any capital expenditure programs. The Company is obligated to pay \$20,000 monthly management fee to a related party for management services and \$3,000 per month to the Chairman of the Board for strategic consulting services. The Company shares its premises located at 765 15th Sideroad, King City, Ontario, Canada L7B 1K5, with Simmonds Mercantile and Management Inc. an entity owned by a director, officer and stockholder of the Company. The Company pays no rent for the premises.

ITEM 7 - FINANCIAL STATEMENTS

9

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
and Stockholders
Midland International Corporation
(Formerly Azonic Corporation)
(A Development Stage Company)
Nevada

We have audited the accompanying balance sheets of Midland International Corporation (a development stage company) as of March 31, 2006, and the related statements of operations, changes in stockholders' deficiency, and cash flows for each of the two years in the period ended March 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of Midland International Corporation (a development stage company) for the period from May 1, 1996 (Date of Inception) to March 31, 2004 were audited by other auditors whose report dated May 3, 2004, expressed an unqualified opinion on those statements.

Edgar Filing: Midland International CORP - Form 10KSB

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2006, and the results of its operations and its cash flows for each of the two years in the period ended March 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

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

/s/ Rotenberg & Co., LLP

Rotenberg & Co., LLP
Rochester, New York
July 10, 2006

F-1

MIDLAND INTERNATIONAL CORPORATION
(A DEVELOPMENT STAGE COMPANY)
BALANCE SHEETS
March 31, 2006
(Stated in US dollars)

ASSETS

	2006

TOTAL ASSETS	\$ --
	=====

LIABILITIES

CURRENT LIABILITIES	
Bank overdraft	\$ 104
Accounts payable and accrued liabilities	108,102
Due to related parties (Note 4)	683,174

TOTAL CURRENT LIABILITIES	791,380

Edgar Filing: Midland International CORP - Form 10KSB

STOCKHOLDERS' DEFICIENCY

Preferred stock, \$0.001 par value; 5,000,000 shares authorized, no shares issued and outstanding	--
Common stock, \$.001 par value; 100,000,000 shares authorized, 33,228,000 shares issued and outstanding (Note 5)	33,228
Additional paid-in capital	647,832
Accumulated deficit	(1,472,440)

TOTAL STOCKHOLDERS' DEFICIENCY	(791,380)

 TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	 \$ --
	=====

The accompanying notes are an integral part of these financial statements

F-2

MIDLAND INTERNATIONAL CORPORATION

(A DEVELOPMENT STAGE COMPANY)

STATEMENT OF OPERATIONS

For the years ended March 31, 2006 and 2005 and the period
from May 1, 1996 (Date of Inception) to March 31, 2006
(Stated in US Dollars)

	Year Ended March 31, 2006	Year Ended March 31, 2005	May 1, 1996 (Inception) March 31, 2006
	-----	-----	-----
REVENUES	\$ 60,000	\$ --	\$ 60,000
COST OF SALES	49,500	--	49,500
	-----	-----	-----
GROSS PROFIT	10,500	--	10,500
SELLING AND ADMINISTRATIVE COSTS			
Management fees	456,000	268,000	724,000
Office and general	112,438	111,654	243,222
Professional and consulting fees	288,370	178,750	467,125
Amortization	--	--	5
	-----	-----	-----
TOTAL COSTS AND EXPENSES	856,808	558,404	1,434,399
	-----	-----	-----
NET LOSS FROM OPERATIONS	(846,308)	(558,404)	(1,423,899)
Other expenses:			
Interest	8,539	--	8,539
Realized loss on disposal of assets	10,003	--	10,003
Write off of intangible assets	30,000	--	30,000

Edgar Filing: Midland International CORP - Form 10KSB

NET LOSS BEFORE INCOME TAXES	(894,850)	(558,404)	(1,472,44)
Provision for income taxes (Note 3)	--	--	--
NET LOSS	\$ (894,850)	\$ (558,404)	\$ (1,472,44)
Loss per share of common stock - Basic and Diluted	\$ (0.03)	\$ (0.02)	\$ (0.0)
Weighted average number of common shares outstanding - Basic and Diluted	31,027,176	25,081,967	18,200,95

The accompanying notes are an integral part of these financial statements

F-3

MIDLAND INTERNATIONAL CORPORATION
(A DEVELOPMENT STAGE COMPANY)
Statement of Changes in Stockholders' Deficiency
Period from May 1, 1996 to March 31, 2005

	Common stock			
	Shares	Par Value Amount	Additional Paid - In Capital	Accum (Defici Ince
BALANCE, MAY 1, 1996	--	\$ --	\$ --	\$
Issuance of common stock	24,000,000	24,000	(23,700)	
Net loss from inception to March 31, 2003	--	--	--	
BALANCE, MARCH 31, 2003	24,000,000	\$ 24,000	\$ (23,700)	\$
Net loss for year ended March 31, 2004	--	--	--	(
BALANCE, MARCH 31, 2004	24,000,000	\$ 24,000	\$ (23,700)	\$ (
Exchange of debt for equity	--	--	30,500	
Issuance of common stock to purchase assets	3,000,000	3,000	71,503	
Issuance of common stock for consulting services	78,000	78	59,922	

Edgar Filing: Midland International CORP - Form 10KSB

Issuance of common stock pursuant to private placements	1,250,000	1,250	213,750	
Common stock issued for consulting services provided	650,000	650	64,350	
Net loss for year ended March 31, 2005	--	--	--	(5)
BALANCE, MARCH 31, 2005	<u>28,978,000</u>	<u>\$ 28,978</u>	<u>\$ 416,325</u>	<u>\$ (5)</u>

F-4

MIDLAND INTERNATIONAL CORPORATION
(A DEVELOPMENT STAGE COMPANY)
Statement of Changes in Stockholders' Deficiency
For the year ended March 31, 2006

	Common stock			
	Shares	Par Value Amount	Additional Paid - In Capital	
BALANCE, MARCH 31, 2005	28,978,000	\$ 28,978	\$ 416,325	
Issuance of common stock for cash received prior to March 31, 2006	900,000	900	(900)	(D)
Issuance of common stock pursuant to private placements	600,000	600	59,400	
Issuance of common stock for consulting services provided	350,000	350	64,650	
Issuance of common stock pursuant to private placements	2,400,000	2,400	100,297	
Cash received for shares issued after year end	--	--	8,060	
Net loss for year ended March 31, 2006	--	--	--	
BALANCE, MARCH 31, 2006	<u>33,228,000</u>	<u>\$ 33,228</u>	<u>\$ 647,832</u>	

F-5

Edgar Filing: Midland International CORP - Form 10KSB

MIDLAND INTERNATIONAL CORPORATION
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CASH FLOW For the
years ended March 31, 2006 and 2005 and from
May 1, 1996 (Date of Inception) to March 31, 2006
(Stated in US Dollars)

	FOR THE YEAR ENDED MARCH 31, 2006	FOR THE YEAR ENDED MARCH 31, 2005
	-----	-----
OPERATING ACTIVITIES		
Net (loss)	(894,850)	(558,404)
ADJUSTMENTS TO RECONCILE NET (LOSS) TO NET CASH(USED) BY OPERATING ACTIVITIES:		
Amortization	--	--
Write down of intangible assets	30,000	--
Bad debt expense	60,000	--
Loss on disposal of capital assets	10,003	--
Issuance of common stock for services	106,667	53,333
CHANGES IN OPERATING ASSETS AND LIABILITIES:		
Decrease (increase) in accounts receivable	(60,000)	--
Decrease (increase) in inventory	49,500	--
Increase (decrease) in accounts payable	37,971	68,847
	-----	-----
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(660,709)	(436,224)
	-----	-----
INVESTING ACTIVITIES		
Proceeds from disposal of capital assets	15,000	--
	-----	-----
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	15,000	--
	-----	-----
FINANCING ACTIVITIES		
Increase in bank indebtedness	104	--
Proceeds from private placements	170,757	215,000
Increase in due to related parties	426,566	262,006
	-----	-----
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	597,427	477,006
	-----	-----
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(48,282)	40,782
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	48,282	7,500
	-----	-----
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ --	48,282
	=====	=====

The accompanying notes are an integral part of these financial statements

Edgar Filing: Midland International CORP - Form 10KSB

(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CASH FLOW For the
years ended March 31, 2006 and 2005 and from
May 1, 1996 (Date of Inception) to March 31, 2006
(Stated in US Dollars)

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

	FOR THE YEAR ENDED MARCH 31, 2006	FOR THE YEAR ENDED MARCH 31, 2005
	-----	-----
Cash paid during the year for:		
Interest	--	--
Income taxes	--	--
	-----	-----
Non-cash investing activities:		
Stock issued in exchange for consulting services	--	60,000
Stock issued in exchange for asset acquisition	--	74,503
Stock issued in exchange for technology development	--	65,000
	-----	-----
Total non-cash investing activities	--	199,503

The accompanying notes are an integral part of these financial statements

F-7

MIDLAND INTERNATIONAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2006 and 2005 and the period from
May 1, 1996 (Date of Inception) to March 31, 2006
(Stated in US Dollars)

NOTE 1 - DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

GOING CONCERN BASIS OF PRESENTATION

The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the liquidation of liabilities in the ordinary course of business. As shown in the accompanying financial statements, the Company has no assets, has a working capital deficit of \$791,380 and an accumulated deficit of \$1,472,440 at March 31, 2006. As a result, substantial doubt exists about the Company's ability to continue to fund future operations using its existing resources.

For the year ended March 31, 2006, the Company's operations were partially

Edgar Filing: Midland International CORP - Form 10KSB

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

DESCRIPTION OF BUSINESS

The financial statements presented are those of Midland International Corporation (the "Company"). The Company is a development stage company since planned business operations have not commenced. As of January 1, 2005, the Company adopted a new business plan. The Company's plan is to become a retailer of a line of low-cost "pay as you go" cellular phones. The Company is also evaluating other business opportunities.

The Company was initially 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 June 23, 1998. On November 12, 1999, it was re-domiciled in the State of Nevada by merging into its wholly owned subsidiary, Midland International Corporation, which now is the name of the Company. As a result of the merger, the Company has changed the par value of its common stock to \$.001. The accompanying financial statements have been restated to reflect this change.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F-8

MIDLAND INTERNATIONAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2006 and 2005 and the period from
May 1, 1996 (Date of Inception) to March 31, 2006
(Stated in US Dollars)

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 may exceed federal insured amounts.

SOFTWARE DEVELOPMENT COSTS

Software development costs meeting revocability tests are capitalized, under SFAS No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased,

Edgar Filing: Midland International CORP - Form 10KSB

or Otherwise Marketed," and amortized on a product-by-product basis over their economic life, ranging from three to five years, or the ratio of current revenues to current and anticipated revenues from such software, whichever provides greater amortization in a particular period. The Company capitalized \$30,000 of development costs in 2005 and \$0 of development costs in 2006. The Company amortized \$0 of development costs in 2006 and 2005. The Company periodically reviews the carrying value of capitalized software development costs and impairments are recognized in the results of operations when the expected future undiscounted operating cash flow derived from the capitalized software is less than its carrying value. It was determined by the management of the Company that the software development costs no longer had any value and were written off at March 31, 2006.

RESEARCH AND DEVELOPMENT

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

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.

The Company had revenues of \$60,000 in the twelve month period ended March 31, 2006. The Company sold the entire analog cell phone handset inventory to a single customer in exchange for a \$60,000 non-interest bearing promissory note due June 21, 2006. The gross profit earned on the sale was \$10,500. The Company also sold all capital assets and intellectual property associated with the analog cell phone handset business to the same customer for \$15,000 cash resulting in the loss on disposal of capital assets of \$10,003. The Company remains a development stage enterprise as this stream of revenue is non-recurring.

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

F-9

MIDLAND INTERNATIONAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2006 and 2005 and the period from
May 1, 1996 (Date of Inception) to March 31, 2006
(Stated in US Dollars)

INCOME TAXES

The Company provides for income taxes using the asset and liability method as

Edgar Filing: Midland International CORP - Form 10KSB

prescribed by Statement of Financial Accounting Standards ("SFAS") No. 109, Accounting for Income Taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Additionally, a valuation allowance is established when necessary to reduce deferred income tax assets to the amounts expected to be realized. Under Statement 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

LOSS PER COMMON SHARE

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

RECENTLY ISSUED ACCOUNTING STANDARDS

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections" ("SFAS 154"). SFAS 154 replaces APB No. 20, "Accounting Changes" and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements" and establishes retrospective application as the required method for reporting a change in accounting principle. SFAS 154 provides guidance for determining whether retrospective application of a change in accounting principle is impracticable and for reporting a change when retrospective application is impracticable. The reporting of a correction of an error by restating previously issued financial statements is also addressed. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company does not anticipate that the adoption of SFAS 154 will have a material impact on its consolidated balance sheets and statements of operations, shareholders' equity, and cash flows.

NOTE 3 - INCOME TAXES

The provision for income taxes has the following components.

	2006	2005
	----	----
Current income taxes	--	--
Deferred income taxes	--	--
	-----	-----
	--	--

The tax effects of temporary differences and carryforwards that give rise to significant portions of deferred tax assets and liabilities consist of the following:

	2006	2005
	----	----
Deferred tax assets (liabilities)		
Net operating loss carryforwards	530,000	202,000
Valuation allowance	(530,000)	(202,000)
	-----	-----
Net deferred tax assets (liability)	--	--

Edgar Filing: Midland International CORP - Form 10KSB

F-10

MIDLAND INTERNATIONAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2006 and 2005 and the period from
May 1, 1996 (Date of Inception) to March 31, 2006
(Stated in US Dollars)

At March 31, 2006 the Company has net operating loss carryforwards of \$1,473,000. If not used, the carryforwards will expire as follows:

2024	19,000
2025	558,000
2026	896,000

	1,473,000
	=====

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. At March 31, 2006, payables to related parties amounted to \$683,174. 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. According to the terms of the promissory note, Wireless Age has the option, but not the obligation, to convert the outstanding principal and interest payment due on each of June 30, 2006, September 30, 2006 and December 31, 2006 into shares of the Company's common stock at \$0.035 per share. At March 31, 2006, the Company was in default under the terms of the promissory note. The Company received an additional cash advance of \$4,380 since December and interest of \$8,539 was accrued on the note based on the terms of the promissory note.

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. At March 31, 2006, Simmonds Mercantile was owed \$145,217 for unpaid management services. In addition, King Stables an entity also owned by John Simmonds was owed \$64,304 by the Company.

Pursuant to the terms of consulting services agreement with David Sardon, 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.

At March 31, 2006, the amounts due to related parties were:

Edgar Filing: Midland International CORP - Form 10KSB

Wireless Age Communications, Inc. Secured Promissory Note	\$437,653
Simmonds Mercantile and related entities	209,521
David Smardon	36,000

	\$683,174

F-11

MIDLAND INTERNATIONAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2006 and 2005 and the period from
May 1, 1996 (Date of Inception) to March 31, 2006
(Stated in US Dollars)

NOTE 5 - SHAREHOLDERS' EQUITY

PREFERRED STOCK

No shares of the Company's preferred stock have been issued as of March 31, 2006. Dividends, voting rights and other terms, rights and preferences have not been designated. The Company's board of directors may establish these provisions at a date in the future.

COMMON STOCK

The Company has the authority to issue 100,000,000 shares of common stock, par value \$.001 per share. The holders of shares of common stock are entitled to receive notice of, attend and vote at all meetings of the stockholders. Each share of common stock carries one vote at such meetings.

As of March 31, 2006, there were 33,228,000 shares of common stock issued and outstanding.

During fiscal 2006, the Company issued 900,000 shares of its common stock in exchange for cash of \$90,000 (\$0.10 per share) received in the previous period.

Also during 2006, the Company raised \$60,000 by issuing 600,000 shares of its common stock for \$0.10 per share.

Also during 2006, the Company issued the remaining 350,000 shares of its common stock valued at \$65,000 in accordance with the contract to development of certain technology and the 12 month service contract entered into during 2005. At March 31, 2006, \$100,000 of the 12 month support and service contract has been expensed and \$0 remained.

Also during 2006, the Company raised \$102,697 by issuing 2,400,000 shares of its common stock for \$0.0425 per share.

During March the Company received \$8,060 under a private placement of 189,654 shares of its common stock (\$0.0425 per share). Such share certificates were not issued as at March 31, 2006 and accordingly the amount was recorded as additional paid in capital.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

The Company has no lease commitments.

Consulting and Management Services Agreements:

Edgar Filing: Midland International CORP - Form 10KSB

On October 1, 2004, the Company entered into a 2 year consulting agreement with David Smardon, a director and shareholder the Company, pursuant to which he would provide consulting services to the Company for a monthly fee of \$3,000. On October 1, 2004, the Company also entered into a 2 year management services agreement with Wireless Age under which general management, financial accounting and technical management services would be provided to the Company by Wireless Age for a monthly fee of \$20,000 per month. This contract was terminated by Wireless Age on December 31, 2005. Lastly, (also on October 1, 2004), the Company contracted with Simmonds Mercantile for executive management services to be provided to the Company over a 2 year term for a monthly fee of \$20,000 per month.

F-12

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

Effective on May 22, 2003, the Company engaged Larry O'Donnell, CPA, PC to audit the Company's financial statements. Prior to its engagement, the Company had not consulted with Larry O'Donnell, CPA, PC with respect to: (i) the application of accounting principles to a specified transaction, either completed or proposed; (ii) the type of audit opinion that might be rendered on the Company's financial statements; or (iii) any matter that was either the subject or disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K) or a reportable event (as described in Item 304(a)(1)(iv) of Regulation S-K).

Effective May 9, 2005, the Company dismissed Larry O'Donnell, CPA, PC as auditor of record.

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

The Board of Directors of the Company approved the change in accountants described herein.

ITEM 8A - CONTROLS AND PROCEDURES 3.

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

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

Edgar Filing: Midland International CORP - Form 10KSB

principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

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

10

PART III

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

The Company's current directors are John G. Simmonds, Kenneth Adelberg, David Smardon, Gregory Laborde, Ralph V. Hadley III and Italo Cerra. Their terms expire upon the election and qualification of their successors.

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

NAME	AGE	POSITION
----	---	-----
David Smardon	52	Chairman of the Board
John G. Simmonds	55	Director
Kenneth Adelberg	53	Director
Ralph V. Hadley, III	63	Director
Gregory Laborde	41	Director
Italo Cerra	53	Director

BIOGRAPHICAL INFORMATION REGARDING DIRECTORS

DAVID SMARDON, CHAIRMAN OF THE BOARD. Mr. Smardon, is a seasoned executive with a background in establishing, growing, and financing technology-based companies. Mr. Smardon is currently CEO and Managing Partner of Nibiru Capital Management Limited, which owns 4,460,000 shares of the Registrant's common stock. Since 1991, Mr. Smardon has been involved in several turnarounds and re-financings of Canadian technology companies where he has raised additional capital and assisted in operational restructuring. In 1997, he was chosen to spearhead the establishment of a government sponsored Internet portal called Innovator's Alliance. As interim CEO, Mr. Smardon attracted over \$2 million in corporate sponsors for the non-profit organization and helped recruit a membership base of 125 CEOs before turning the reigns over to a full-time Managing Director. Through the 1990s, Mr. Smardon established and expanded the Nibiru group of companies including Nibiru Tactical Corporation, Nibiru Investments and Nibiru Capital Management Limited. These entities provide investment capital and hands-on operational management to high growth technology companies. In addition they provide advisory, due diligence and investment syndication services to the institutional investment communities. In 1993, he orchestrated the creation and became CEO of Comcorp Technologies Inc., a private spin-off company, providing technology outsourcing, servicing the financial and banking communities. After building a profitable enterprise with over \$9 million in annual revenues, the company was sold to a strategic customer. From 1986 through 1990 Mr. Smardon headed up the Canadian arm of Apple Computer's venture capital group, as Vice President, Strategic Investments, where he invested in 35 Canadian companies, including some of Canada's premier technology start-ups. In 1984, Mr. Smardon began a career as an entrepreneur establishing and becoming President of Learning Connections, an educational software company. He built the company to \$7 million in annual revenues before selling it to a strategic corporate partner. Mr. Smardon has been an active member of the following associations:

Edgar Filing: Midland International CORP - Form 10KSB

Canadian Advanced Technology Alliance, Turnaround Management Association, the Toronto Venture Group, Golden Horseshoe Venture Forum and Canadian Venture Capital Association. Mr. Smardon was integral in the establishment and management of the Renaissance Community Investments Program, a not-for-profit investment agency.. Mr. Smardon currently sits on the boards of a number of private technology companies including Companion Technologies, Objective Edge Inc., Astrokeys Inc., Nibiru Capital Management Ltd., Nibiru Tactical Corp. and Nibiru Investments Inc. Mr. Smardon graduated from the University of Toronto, in 1976 with a Bachelor of Arts degree in Economics.

JOHN G. SIMMONDS, DIRECTOR AND CEO Mr. Simmonds has served as a Director and Chief Executive Officer of the Company since September 2004. Mr. Simmonds is Chairman of the Board and Director of TrackPower, Inc. He served as Chief Executive Officer of TrackPower, Inc. from January 29, 1998 to May 1, 2005, concurrent with the appointment of Mr. Tracy as CEO. Mr. Simmonds was the CEO of Wireless Age Communications, Inc. for the period March 2003 to October 2005. Mr. Simmonds also served as Chairman of Wireless Age Communications, Inc. until April 2006. Mr. Simmonds has been CEO of Newlook Industries Corp since September

11

21, 2005 and K-Tronic International Corporation since June 13, 2006. In addition, Mr. Simmonds has served as a director and chief operating officer of Eiger Technology Inc. since September 21, 2005. For more than the past five years, Mr. Simmonds has been involved in the management and ownership of King Stables, a horse breeding operation in Canada. Mr. Simmonds has also served as Chairman of the Board of Directors of Phantom Fiber Corporation, for the period October, 1999 to June 2004 and as Chief Executive Officer for the period February, 2002 to June, 2004.

KENNETH J. ADELBERG, DIRECTOR. Mr. Adelberg has been a Director of the Company since January 2005. Mr. Adelberg was also a director of Wireless Age Communications, Inc. for the period March 2003 to April 2006 and has been a director of TrackPower, Inc. since April 1996. Mr. Adelberg's principal occupation is President and Chief Executive Officer of HiFi House Group of Companies, a privately-held company based in Broomall, Pennsylvania, since 1978. Mr. Adelberg was a founding stockholder of US Wats, Inc., a publicly-traded company specializing in business telecommunications services, located in Bala Cynwyd, Pennsylvania, which was established in 1989. Mr. Adelberg was also a founding stockholder and director of Republic First Bank Corp, from 1989 to 2005, First Bank of Delaware from 1998 to 2005 and GSI Commerce, Inc. from 1995 to 2005, all publicly traded (NASDAQ) corporations, Mr. Adelberg serves as a member of the Board of Directors' Audit and Compensation Committees of the Company.

RALPH V. (TERRY) HADLEY, III, DIRECTOR. Mr. Hadley is currently and has been the Managing Partner of Swan & Hadley, P.A., a law firm based in Winter Park, Florida, since prior to 1994. Mr. Hadley is the nominee of the Filippo Guani Revocable Trust, which is entitled to nominate one member of the Registrant's Board of Directors pursuant to an Asset Sale Agreement with the Registrant dated August 26, 2004. The Trust currently owns 3,000,000 shares of the Registrant's common stock and is eligible to receive up to an additional 1,500,000 shares of the Registrant's common stock and an earn out payment of up to \$3,000,000 as disclosed under Item 2.01 of this Form 8-K. Mr. Hadley received his Bachelor of Science degree from the University of Florida in 1965 and his law degree from the University of Florida College of Law in 1968.

GREGORY LABORDE, DIRECTOR. Mr. Laborde has over 18 years experience on Wall Street in the areas of investment banking, trading, sales and financial consulting. From 1986 to 1997, Mr. Laborde worked in corporate finance at a number of prestigious NYC based investment banks, including: Drexel Burnham

Edgar Filing: Midland International CORP - Form 10KSB

Lambert, Lehman Brothers, Gruntal & Co., and Whale Securities. During his Wall Street tenure, Mr. Laborde was involved in over 20 public and private financing transactions totaling in excess of 100 million dollars. In 1999 he founded and took public Origin Investment Group., a business development company that was involved in investing in IT related businesses. While serving as Chairman & CEO, Mr. Laborde was responsible for providing approximately 3 million in direct equity investments, a 10 million equity credit line, as well as successfully negotiating definitive agreements to acquire several private businesses. Mr. Laborde is currently the Chairman of GHL Group, Ltd., a firm that provides capital formation and mergers and acquisition services to select publicly traded companies or rapidly expanding private businesses seeking to go public. Mr. Laborde currently serves as the President & CEO of Satellite Organizing Solutions, Inc. (SOZG: Pink Sheets), and is the former President & CEO of Azonic Corporation (AZOI:OTCBB), a manufacturer of low cost disposable wireless devices, and has been President, CEO and Director of Infinity Capital Group since inception. Mr. Laborde holds a Bachelor of Science degree in Engineering from Lafayette College.

ITALO CERRA, DIRECTOR. Mr. Cerra is a seasoned financial executive with diverse experience in public and private sector companies. Mr. Cerra brings over 25 years experience in working with technology enterprises. His years in the technology sector have provided particular financial expertise in R & D financing programs, transitions from private to public company status, debt and equity financing, and operational reporting and controls. After qualifying as a Chartered Accountant, Mr. Cerra spent 10 years with Deloitte and Touche in their audit practice. He then joined the telecommunications industry, as VP Finance with Teltone Limited, a large North American telecommunications corporation. Since that time Mr. Cerra has held executive level responsibilities including Controller, VP Finance, Director of Finance and CFO at a variety technology-based enterprises. In 1995, Mr. Cerra orchestrated the Management Buy-Out and became the CFO and Partner in a leading service provider company. After five years of profitability, he subsequently arranged for the company to be acquired. Mr. Cerra is currently involved in raising investment capital for emerging high-growth businesses and in providing advice and counsel to high-net-worth investors

12

BOARD AND COMMITTEE MEETINGS

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

The Board held eight meetings during the 2006 fiscal year. No director attended less than 100% of the Board meetings while serving as such director, or less than 100% of all committee meetings on which he served as a committee member.

The audit and compensation committees are the standing committees of the Board. The fiscal year 2006 and 2007 committees are comprised as follows:

2006 AUDIT COMMITTEE

David Smardon (Chair)
Kenneth Adelberg
Ralph V. Hadley, III
Gregory Laborde
Italo Cerra

2006 COMPENSATION COMMITTEE

Kenneth Adelberg (Chair)
David Smardon
Ralph V. Hadley, III
Gregory Laborde

The current committees are comprised as follows:

Edgar Filing: Midland International CORP - Form 10KSB

2007 AUDIT COMMITTEE

David Smardon (Chair)
Kenneth Adelberg
Ralph V. Hadley, III
Gregory Laborde
Italo Cerra

2007 COMPENSATION COMMITTEE

Kenneth Adelberg (Chair)
David Smardon
Ralph V. Hadley, III
Gregory Laborde

The audit committee of the Board (the "Audit Committee") held four meetings during fiscal 2006. The Audit Committee, among other things, recommends the Company's independent auditors, reviews the Company's financial statements, reports and recommendations regarding the adequacy of internal accounting controls made by the independent auditors and considers such other matters with respect to the accounting, auditing and financial reporting procedures as it may deem appropriate or as may be brought to its attention. The Audit Committee acts under a written charter adopted and approved by the Board. The Audit Committee is composed of outside directors who are not officers or employees of the Company or its subsidiaries. In the opinion of the Board and as "independent" is defined under current standards of the American Stock Exchange (including the heightened independence requirements of audit committee members), these directors are independent of management and free of any relationship that would interfere with their exercise of independent judgment as member of this committee.

The compensation committee of the Board (the "Compensation Committee") held no meetings during the 2006 fiscal year. The Compensation Committee is responsible for allocating cash compensation and stock options to senior executive officers of the Company.

BOARD OF DIRECTORS INDEPENDENCE

The Board of Directors reviews the relationships that each director has with us and other parties. Only those directors who do not have any of the categorical relationships that preclude them from being independent within the meaning of American Stock Exchange Company Guide, Part I Section 121, and who the Board of Directors affirmatively determines have no relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, are considered to be Independent Directors. The Board of Directors has reviewed a number of factors to evaluate the independence of each of its members. These factors include its members' current and historic relationships with us and our subsidiaries; their relationships with management and other directors; the relationships their current and former employers have with us and our subsidiaries; and the relationships between us and other companies on which our board members are directors or executive officers. After evaluating these factors, the Board of Directors has determined that five of its current six members are "independent" as defined by American Stock Exchange Company Guide, Part I Section 121, all applicable rules and regulations of the SEC, and for purposes of Rule 162(m) of the Internal Revenue Code of 1986, as amended. These directors are Messrs. David Smardon, Kenneth Adelberg, Ralph V. Hadley, III, Gregory Laborde and Italo Cerra. Independent members of our Board of Directors meet in executive session without management present, and are scheduled to do so at least two times per year. The Board of Directors has designated Mr. Smardon as the presiding director for these meetings.

13

SHAREHOLDER COMMUNICATIONS

The Board of Directors believes that it is important for our shareholders

Edgar Filing: Midland International CORP - Form 10KSB

to have a process to send confidential communications directly to the board as a whole and to the Independent Directors in particular. Accordingly, shareholders desiring to send a communication to the Board of Directors, or to a specific director, may do so by delivering a letter to the Secretary of the Company at the Company's principal offices as set forth on the cover page to this Amendment to the Annual Report on Form 10-KSB. The mailing envelope must contain a clear notation indicating that the enclosed letter is a "stockholder-board communication" or "stockholder director-specific" communication." All such letters must identify the author and clearly state whether the intended recipients of the letter are all members of our Board of Directors or certain specified individual directors. To the extent indicated as addressed, the Secretary will observe any requests for confidentiality and forward such correspondence unopened directly to a specific director. With respect to correspondence addressed to the Board as a whole or to a group of directors or a specific committee, the Secretary will open such communications and make copies, and then circulate them to the appropriate director or directors. Notwithstanding the foregoing, the Company shall reserve the right to open all correspondence as it believes reasonably necessary to assure the safety and personal privacy of all directors.

REPORT OF AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

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

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

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

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

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

The Board of Directors has adopted a written charter setting out the roles and responsibilities the Committee is to perform. The Board has determined that David Smardon, an independent director serving on the Audit Committee, is an "audit committee financial expert," as such term is defined under the regulations promulgated by the Securities and Exchange Commission. Under such regulations, the designation or identification of a person as an audit committee financial expert does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the audit committee and the Board of Directors in the

Edgar Filing: Midland International CORP - Form 10KSB

absence of such designation or identification nor does the designation or identification of a person as an audit committee financial expert affect the duties, obligations or liability of any other member of the audit committee or Board of Directors.

14

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

REVIEW OF AUDITED FINANCIAL STATEMENTS

The Audit Committee has reviewed the Company's financial statements for the fiscal year ended March 31, 2006, as audited by Rotenberg & Co. LLP, the Company's independent auditors, and has discussed these financial statements with management. In addition, the Audit Committee has discussed with Rotenberg & Co. the matters required to be discussed by Statement of Auditing Standards No. 61, as amended, regarding the codification of statements on auditing standards. Furthermore, the Audit Committee has received the written disclosures and the letter from Rotenberg & Co. required by the Independence Standards Board Standard No. 1 and has discussed with Rotenberg & Co. its independence.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board that the audited financial statements for the fiscal year ended March 31, 2006 be included in the Company's Annual Report on Form 10-KSB, for filing with the Securities and Exchange Commission.

The members of the Audit Committee are not currently professionally engaged in the practice of auditing or accounting. Members of the Audit Committee rely, without independent verification, on the information provided to them and on the representations made by management and the independent accountants. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and discussions referred to above do not assure that the audit of the Company's financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles and that the Company's independent accountants are in fact "independent."

AUDIT COMMITTEE

David Smardon
Kenneth Adelberg
Ralph V. Hadley, III
Gregory Laborde
Italo Cerra

EXECUTIVE OFFICERS

The following table presents information with respect to our executive officers, as of July 3, 2006.

NAME	AGE	POSITION
-----	---	-----
John G. Simmonds	55	Director and CEO
Gary Hokkanen	50	Chief Financial Officer
Carrie Weiler	47	Corporate Secretary

Edgar Filing: Midland International CORP - Form 10KSB

JOHN G. SIMMONDS, DIRECTOR AND CEO OF THE COMPANY. See "Biographical Information Regarding Directors" above for information regarding Mr. Simmonds.

GARY N. HOKKANEN, CHIEF FINANCIAL OFFICER. Mr. Hokkanen has served as the Company's CFO since October 2004. Mr. Hokkanen is an executive level financial manager with over 8 years experience in public company financial management. Mr. Hokkanen holds a Bachelor of Arts degree from the University of Toronto and is a CMA (Certified Management Accountant) and a member of the Society of Management Accountants, Ontario. From January 2001 to April 2003 Mr. Hokkanen was CFO of IRMG Inc., a Toronto based financial management consulting firm. Mr. Hokkanen served as CFO of Simmonds Capital Limited from July 1998 to January 2001 and served as CFO of Trackpower Inc. from February 1998 to June 2001. For the period April 1996 to July 1998, Mr. Hokkanen served as Treasurer of Simmonds Capital Limited. Mr. Hokkanen is currently CFO of Wireless Age Communications, Inc. a shareholder of the Company.

15

CARRIE J. WEILER, CORPORATE SECRETARY. Ms. Weiler was appointed Secretary of the Company in October 2004. Ms. Weiler also provides services to the Simmonds Capital Limited group of companies which she joined in 1979. She has served as Vice President of Corporate Development for Simmonds Capital Limited and its divisions since 1994 and she has served as Corporate Secretary of TrackPower, Inc. since 1998.

COMPLIANCE WITH SECTION 16(A) OF THE SECURITIES EXCHANGE ACT OF 1934

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

Based solely on its review of such forms, all requirements received by the Company, or written representations from certain reporting persons, the Company believes that between April 1, 2005 and March 31, 2006, all Section 16(a) filing requirements applicable to its officers, directors and 10% shareholders were met, except for the following late filings: Mr. Paul Marsiglio, an affiliate of the Company, has not timely filed SEC Form 3 or 13D.

CODE OF ETHICS

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

You can obtain copies of our current committee charters and Code of Ethics by writing to our Corporate Secretary at 765 15th Sideroad, King City, Ontario, Canada, L7B 1K5, who shall provide copies without charge to any person.

ITEM 10. EXECUTIVE COMPENSATION.

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

SUMMARY COMPENSATION TABLE

Edgar Filing: Midland International CORP - Form 10KSB

LONG TERM COMPENSATION							
AWARDS							
NAME AND PRINCIPAL POSITION	YEAR	SALARY (\$)	BONUS (\$)	OTHER ANNUAL COMPENSATION (\$)	RESTRICTED STOCK AWARD(S) (\$)	SECURITIES UNDERLYING OPTIONS/SARS (#)	
John G. Simmonds	2006	\$223,600	-----	-----			
Chief Executive Officer (1) (2)	2005	\$232,404	-----				
	2004	\$-----	-----				
Gary N. Hokkanen	2006	\$141,604	-----	-----			
Chief Financial Officer (1) (3)	2005	\$116,215	-----				
	2004	\$-----	-----				

(1) Mr. Simmonds joined the Company in August 2004 and Mr. Hokkanen joined the Company in October 2004.

(2) Mr. Simmonds was compensated in 2006 pursuant to the terms of a Management Services Agreement between Simmonds Mercantile and Management Inc. ("SMMI") and the Company. Management fees paid for his executive management services under the Management Services Agreement totaled \$240,000 during Fiscal Year 2006. SMMI provides services to entities other than the Company, and Mr. Simmonds currently devotes, or may devote in the future, some portion of their working time to the management of other entities. The amounts shown on the chart above reflect the total amounts paid by SMMI to Mr. Simmonds in the calendar 2005.

16

(3) The SMMI Management Services Agreement, as originally struck, included the executive management services of Mr. Hokkanen up to and including September 30, 2005. On October 1, 2005 the services of Mr. Hokkanen became part of a Management Services Agreement with Wireless Age Communications, Inc. ("Wireless Age"). Mr. Hokkanen was paid a total of \$141,604 in calendar 2005 by SMMI and Wireless Age. Amounts paid by SMMI were for the period January 1 to September 30, 2005 and amounts paid by Wireless Age were for the period October 1 to December 31, 2005. On December 31, 2005, Wireless Age and the Company agreed to terminate the Wireless Age Management Services Agreement. Subsequent to December 31, 2005, Wireless Age is to be paid CAD\$250 per hour for the services of Mr. Hokkanen.

OPTION GRANTS IN 2006 FISCAL YEAR

The Company made no option grants in 2006.

COMPENSATION OF DIRECTORS

FEEES

The following fees were paid to Directors who were not employees of the Company during fiscal 2006. During 2006, all non-employee directors received

Edgar Filing: Midland International CORP - Form 10KSB

fees for services rendered on the Board of Directors. Directors who are full-time employees of the Company receive no additional compensation for serving as directors. Board members are also reimbursed for all expenses associated with attending Board or Committee meetings. Non-employee directors are paid meeting fees as follows:

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

EMPLOYMENT ARRANGEMENTS

The Company's Chief Executive Officer and Director, Mr. John Simmonds was compensated in 2006 pursuant to the terms of a Management Services Agreement between Simmonds Mercantile and Management Inc. and the Company. Mr. Hokkanen, the Company's Chief Financial Officer was compensated pursuant to the terms of the SMMI Management Services Agreement up to and including September 30, 2005. For the period October 1 to December 31, 2005, Mr. Hokkanen was compensated pursuant to the terms of a management services agreement with Wireless Age Communications Inc. Management fees paid for the executive management services of such officers of the Company under the Management Services Agreement totaled \$240,000 during Fiscal Year 2006. On October 1, 2004, the Company entered into the management services agreement with SMMI pursuant to which SMMI would provide executive, accounting and financial reporting, human resources, information technology and other general management and administrative services to the Company. The initial term of the agreement was two years. The agreement would automatically renew for a one year period after the two years, unless either party provided written notice of cancellation prior to 60 days of expiration of the initial term. Under the terms of the agreement the Company agreed to pay \$20,000 per month for services rendered. Simmonds Mercantile and Management Inc. is a private Canadian corporation owned by John Simmonds.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee consists of four non-employee directors, Messrs. Adelberg, Smardon, Hadley and Laborde. The Compensation Committee has the responsibility for allocation of cash compensation and stock options to senior executive officers of the Company.

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

17

Compensation Committee

Kenneth Adelberg
David Smardon
Ralph V. Hadley, III
Gregory Laborde

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

In 2006, the Company had no securities compensation plan for the officers and directors of the Company.

Edgar Filing: Midland International CORP - Form 10KSB

The following table sets forth certain information regarding the beneficial ownership of Common Stock as of July 3, 2006 by (i) each director of the Company, (ii) each of the Company's officers named in the Summary Compensation Table (collectively, the "Named Executive Officers"), (iii) each person who is known by the Company to be the beneficial owner of more than five percent of the Company's outstanding Common Stock, and (iv) all directors and executive officers as a group. Except as otherwise indicated below, each person named has sole voting and investment power with respect to the shares indicated.

NAME AND ADDRESS OF BENEFICIAL OWNER -----	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP SHARES -----	OPTIONS/ WARRANTS (1) -----	TOTAL -----
Filippo Guani Revocable Trust	3,000,000	0	3,000,000
Infinity Capital Group (2)	4,210,000	0	4,210,000
Wireless Age Communications, Inc. (4)	4,860,000	0	
Kenneth Adelberg	50,000	0	50,000
David Smardon (5)	1,010,000	0	1,010,000
Gary Hokkanen (4)	0	0	
Ralph V. Hadley, III	0	0	
Italo Cerra	75,000	0	75,000
John Simmonds (4)	230,000	0	230,000
Gregory Laborde (2)	4,210,000	0	4,210,000
Carrie Weiler (3) (4)	1,000,000	0	1,000,000
Paul Marsiglio (6)	2,370,000	0	2,370,000
All executive officers and directors as a group (8 persons) (7)	6,575,000	0	6,575,000

- (1) Includes options and warrants exercisable as of the date hereof or within 60 days hereafter. Holdings of less than 1% are indicated by "*". Based upon 33,417,654 shares issued and outstanding as July 3, 2006, (excluding any shares issuable under options or warrants,).
- (2) Mr. Laborde, a Director of the Company, is the controlling stockholder of Infinity Capital Group, Inc. ("Infinity Capital"), as well as the President, CEO and Chairman of the Board of Infinity Capital. He is therefore listed as the beneficial owner of 4,210,000 shares owned directly by Infinity Capital.
- (3) Ms. Weiler beneficially owns such shares through Jancar Investments Corp., a corporation controlled by her.

- (4) Gary Hokkanen and Carrie Weiler are each officers of Wireless Age

Edgar Filing: Midland International CORP - Form 10KSB

Communications, Inc. ("WLSA"). Mr. Hokkanen is the Chief Financial Officer of WLSA, and Ms. Weiler is WLSA's Corporate Secretary. However, none of Mr. Hokkanen or Ms. Weiler individually or as a group controls the voting of the shares of the Company owned by WLSA or controls the power of disposition over such shares, and therefore Mr. Hokkanen and Ms. Weiler disclaim beneficial ownership of the 4,860,000 shares owned by WLSA.

- (5) Mr. Smardon owns 860,000 shares of the Company directly. Nibiru Capital Management Ltd. ("Nibiru") owns 150,000 shares. As Chief Executive Officer and majority shareholder of Nibiru, Mr. Smardon is deemed to beneficially own Nibiru's 150,000 shares.
- (6) Mr. Marsiglio owns 375,000 shares of the Company directly. Mr. Marsiglio's spouse, Ms. Catherine Doncaster owns 375,000 shares and Marsiglio Enterprises, an entity controlled by Mr. Marsiglio owns 1,620,000 shares of the Company's common stock.
- (7) Officers and Directors as a group include John Simmonds, Kenneth Adelberg, David Smardon, Ralph V. Hadley, III, Gregory Laborde, Italo Cerra, Gary Hokkanen and Carrie Weiler.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company's Chief Executive Officer and Director, Mr. John Simmonds was compensated in 2006 pursuant to the terms of a Management Services Agreement between Simmonds Mercantile and Management Inc. and the Company. Management fees paid for the executive management services of such officers of the Company under the Management Services Agreement totaled \$240,000 during Fiscal Year 2006. On October 1, 2004, the Company entered into the management services agreement with SMMI pursuant to which SMMI would provide executive, accounting and financial reporting, human resources, information technology and other general management and administrative services to the Company. The initial term of the agreement was two years. The agreement would automatically renew for a one year period after the two years, unless either party provided written notice of cancellation prior to 60 days of expiration of the initial term. Under the terms of the agreement the Company agreed to pay \$20,000 per month for services rendered. Simmonds Mercantile and Management Inc. is a private Canadian corporation owned by John Simmonds.

The Company's Chairman of the Board of Director, Mr. David Smardon was compensated in 2006 pursuant to the terms of a Consulting Agreement between Mr. Smardon and the Company. Fees paid for strategic consulting under the agreement totaled \$36,000 during Fiscal Year 2006. On October 1, 2004, the Company entered into the consulting services agreement with Mr. Smardon pursuant to which Mr. Smardon would provide strategic consulting services to the Company. The initial term of the agreement was two years. The agreement would automatically renew for a one year period after the two years, unless either party provided written notice of cancellation prior to 60 days of expiration of the initial term. Under the terms of the agreement the Company agreed to pay \$3,000 per month for services rendered.

Wireless Age Communications, Inc. a shareholder of the Company and an entity in which the Company's CFO and Corporate Secretary are officers in, was compensated in 2006 pursuant to Management Services Agreement between Wireless Age Communications, Inc. and the Company. Management fees paid for the general management services of Mr. David MacKinnon (the Company's CTO) and James Hardy (the Company's COO) and Gary Hokkanen (the Company's CFO) under the Management Services Agreement totaled \$240,000 during Fiscal Year 2006. On October 1, 2004, the Company entered into the management services agreement with Wireless Age Communications, Inc. pursuant to which Wireless Age Communications, Inc. would provide general management services to the Company. The initial term of the agreement was two years. The agreement would automatically renew for a one year

Edgar Filing: Midland International CORP - Form 10KSB

period after the two years, unless either party provided written notice of cancellation prior to 60 days of expiration of the initial term. Under the terms of the agreement the Company agreed to pay \$20,000 per month for services rendered. On December 31, 2005, the Company and Wireless Age terminated the management services agreement. The Company and Wireless Age agreed that Wireless Age would be compensated CAD\$250 per hour for the services of Mr. Hokkanen.

19

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

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

Exhibit No. -----	Description -----
Exhibit 3.1	Certificate of incorporation, incorporated by reference to the exhibits of the Company's Form 10SB-12G filed with the Commission on December 1, 1999.
Exhibit 3.2	Bylaws as currently in effect, incorporated by reference to the exhibits of the Company's Form 10SB-12G filed with the Commission on December 1, 1999.
Exhibit 10.1	Agreement with the Filippo Guani Revocable Trust dated August 26, 2004, incorporated by reference to the exhibits of the Company's Form 8-K filed with the Commission on September 3, 2004.
Exhibit 10.2	Management Services Agreement by and between the Company and Wireless Age Communications, Inc., incorporated by reference to the exhibits of the Company's Form 8-K filed with the Commission on October 15, 2004.
Exhibit 10.3	Management Services Agreement by and between the Company and Simmonds Mercantile and Management Inc., incorporated by reference to the exhibits of the Company's Form 8-K filed with the Commission on October 15, 2004.
Exhibit 10.4	Consulting Agreement by and between the Company and David Smardon, incorporated by reference to the exhibits of the Company's Form 8-K filed with the Commission on October 15, 2004.
Exhibit 10.5	Product Strategic Alliance Agreement between the Company and CustomQuest Inc.
Exhibit 16.1	Letter from Larry O'Donnell CPA, P.C. re resignation as certifying accountant, incorporated by reference to the exhibits of the Company's Form 8-K filed with the Commission on May 9, 2005.
Exhibit 31.1	Section 302 Certification of the Chief Executive Officer.
Exhibit 31.2	Section 302 Certification of the Chief Financial Officer.

Edgar Filing: Midland International CORP - Form 10KSB

Exhibit 32.1 Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2003.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

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

20

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

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

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

FEES

The following table sets forth the aggregate fees billed by the Company's independent auditors for fiscal years and 2005 and 2006:

YEAR	AUDIT FEES	AUDIT RELATED (NOTE 1)	TAX	FINANCIAL INFORMATION SYSTEMS DESIGN AND IMPLEMENTATION FEES	OTHER FEES	TOTAL
2005	\$10,300	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$10,300
2006	\$10,000	\$7,500	\$ Nil	\$ Nil	\$ Nil	\$17,500

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

21

Edgar Filing: Midland International CORP - Form 10KSB

SIGNATURES

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

Date: July 14, 2006

MIDLAND INTERNATIONAL CORPORATION

By: /s/ John Simmonds

JOHN G. SIMMONDS, CEO

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

Name	Title	Date
/s/ John Simmonds ----- JOHN G. SIMMONDS	CEO/Director (principal executive officer)	July 14, 2006
/s/ David Smardon ----- DAVID SMARDON	Chairman	July 14, 2006
/s/ Kenneth Adelberg ----- KENNETH J. ADELBERG	Director	July 14, 2006
/s/ Ralph Hadley ----- RALPH V. HADLEY III	Director	July 14, 2006
/s/ Gregory Laborde ----- GREGORY LABORDE	Director	July 14, 2006
/s/ Italo Cerra ----- ITALO CERRA	Director	July 14, 2006
/s/ Gary Hokkanen ----- GARY N. HOKKANEN	CFO (principal accounting officer)	July 14, 2006