

DONINI, INC.
QUARTERLY REPORT
February 28, 2010

Part A: General Company Information

Item 1. The exact name of the issuer and the address of its principal executive offices.

Current since 2001:	Donini, Inc.
Since Incorporation to 2001:	PRS Sub VI, Inc.

1510 Henri Bourassa, Blvd. West Suite 200
Montreal, Quebec H3M 3E3 Canada
Tel. 514-956-0005
Fax. 514-956-5552
E-mail: pderos@pizzadonini.com
Website: www.pizzadonini.com

Item 2. Shares outstanding.

For the period ending February 28, 2010:

Shares Authorized:	750,000,000
Shares Outstanding:	447,598,300
Public Float:	Approximately 75,000,000
Number of Shareholders of Record:	Approximately 600

For the period ending November 30, 2009:

Shares Authorized:	100,000,000
Shares Outstanding:	97,598,300
Public Float:	Approximately 20,000,000
Number of Shareholders of Record:	approximately 600

For the period ending May 31, 2009:

Shares Authorized:	100,000,000
Shares Outstanding:	97,597,296
Public Float:	Approximately 20,000,000
Number of Shareholders of Record:	approximately 600

For the period ending May 31, 2008:

Shares Authorized:	100,000,000
Shares Outstanding:	98,684,176
Public Float:	Approximately 20,000,000
Number of Shareholders of Record:	approximately 600

Item 3. Financial information for the issuer's most recent fiscal period.

The financial statements for the quarter ending February 28, 2010 are attached at the end of this Quarterly Report, including the Consolidated Balance Sheet, Statement of Operations, Statement of Cash Flow, Changes in Shareholder Equity, and Financial Statement Footnotes.

Item 4. Management's Discussion and Analysis or Plan of Operation.

- A. Plan of Operation. The Company seeks to raise capital either through the sale of its Common Stock or through conventional financing options in order to implement its 5-year plan to expand the Pizza Donini brand into Canada and the United States with a new concept and look to modernize its existing units. The Company has restructured its operations, converting its remaining Company-owned stores to franchise units. Revenues are thus reduced substantially, as are its assets and expenses, which are also reduced. Certain Canadian subsidiaries were discharged in a bankruptcy-type Canadian proceedings. The Company's principal secured creditor instituted litigation to collect moneys due it and declared a default. That case has been resolved in principle. With new capital, the Company intends to expand its operations by either franchising new units and/or reestablishing Company units, depending on the amount of capital raised.
- B. Management's Discussion and Analysis of Financial Condition and Results of Operations. During the nine-month period ended February 28, 2010, revenues declined, but expenses also declined, and the Company realized a gain on the forgiveness of debt relating to the Global transaction. Three of the Company's nine franchises were terminated as of September 1, 2009.
- C. Off-Balance Sheet Arrangements. None

Item 5. Legal proceedings.

Any current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator. State the names of the principal parties, the nature and current status of the matters, and the amounts involved:

Global Capital Funding ("Global"), the Company's largest secured creditor has recently instituted a lawsuit to collect on its defaulted loan. The Company and Global have settled, in principle, their lawsuit and all disputes on the following terms:

- a. The Company shall pay Global \$500,000.00 in two (2) years, evidenced by an interest-free note ("Note")
- b. The Company shall pay Global, to reduce principal, 15% of any capital raised through the sale of Common Stock.
- c. Peter Deros will personally guarantee up to \$150,000 of the Company's Note.
- d. Global shall retain its 16,000 shares of the Company's Common Stock, held as security for the payment of the Note, which shall be returned upon payment of the Note.

- e. The Company shall obtain the return of the 16,000 shares upon the payment of the first \$25,000 due on the Note.
- f. The matter has been settled and an Order was entered reflecting the same.

Item 6. Defaults upon senior securities.

The Company has defaulted on a loan to Global Capital Funding ("Global"), the Company's largest secured creditor. Global initiated a lawsuit, which matter has been settled between the parties.

Item 7. Other Information.

None.

Item 8. Exhibits.**Material Contracts**

There were no material contracts outside of the normal course of business as of February 28, 2010.

Item 9. Issuer's Certifications.

I, Peter Deros, certify that:

1. I have reviewed this Information and Disclosure Statement of Donini, Inc.;
2. Based on my knowledge, this Information and Disclosure Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Information and Disclosure Statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Information and Disclosure Statement.

Date:

June-10-2010



Peter Deros, President.

DONINI, INC.
CONSOLIDATED BALANCE SHEETS
(unaudited and unreviewed)

<u>ASSETS</u>	February 28, <u>2010</u>	May 31, <u>2009</u>
Current Assets:		
Cash and cash equivalents	\$ 580	\$ 318
Accounts receivables - net	170,118	112,681
Inventories	-	-
Taxes receivables	-	-
Prepaid expenses and other current assets	-	-
Assets held for resale	-	-
Total Current Assets	170,698	112,999
Property and equipment - net	31,094	38,102
Investment in related company	149,331	149,331
Loan receivable	8,690	-
Deposits	(37,754)	-
Franchise sales receivables – net of revenues	-	-
Trademarks - net	10,715	11,875
Total Assets	\$ 332,774	\$ 312,307
 <u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
Current Liabilities:		
Accounts payables and accrued liabilities	\$ 507,353	\$ 262,861
Current portion of long-term debt	-	-
Convertible notes payable	186,500	1,600,000
Loans payable - related parties	2,048	3,377
Loans payable - others	212,629	297,186
Total Current Liabilities	908,530	2,163,424
Long-Term Liabilities:		
Loans payable - related parties - net of current portion	-	64,597
Notes payable	500,000	-
Long-term debt - net of current portion	-	-
Total Liabilities	1,408,530	2,228,021
Commitments and Contingencies		
Stockholders' Deficit:		
Common stock (\$.001 par value 750,000,000 shares authorized, 447,598,300 and 97,597,296 issued and outstanding at February 28, 2010 and May 31, 2009 respectively)	447,598	97,597
Additional paid-in capital	6,873,471	6,873,472
Common stock issued as collateral for note payable	(672,000)	(672,000)
Accumulated deficit	(7,172,574)	(7,675,441)
Foreign currency translation adjustment	(552,251)	(539,342)
Total Stockholders' Deficit	(1,075,756)	(1,915,714)
Total Liabilities and Stockholders' Deficit	\$ 332,774	\$ 312,307

DONINI, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited and unreviewed)

	For 9 months ending February 28 <u>2010</u>	For the year ending May 31 <u>2009</u>
Revenues:		
Sales	\$ 1,451	\$ 3,475
Sale of Pizza Donini Pronto Counter's	-	-
Royalties and other related revenues	90,914	146,740
Order processing fees	-	-
Initial franchise fees	-	-
Total Revenues	92,365	150,215
Cost of Goods Sold	843	2,076
Gross Profit	91,522	148,139
Costs and expenses :		
General and administrative expenses	115,601	127,417
Advertising and promotion	3,801	9,628
Salaries	-	-
Product and market development	-	-
Stock-based compensation costs	-	-
Depreciation and amortization	12,553	16,125
Amortization of finance costs	-	-
Total Costs and Expenses	131,955	153,170
Gain (Loss) from Operations	(40,433)	(5,031)
Interest Expense	(12,642)	(35,125)
Interest Income	-	-
Gain (loss) on sale of fixed assets	-	-
Gain on sale of assets held for resale	-	-
Capital gain	-	-
Gain on forgiveness	555,942	-
Loss in equity of related company	-	-
Net Gain / Loss	\$ 502,867	\$ (40,156)
Gain / Loss Per Share		
Basic and diluted gain / loss per share	\$ 0.00112	\$ (0.0004)
Basic and diluted weighted average common shares outstanding	447,598,300	97,597,296

DONINI, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited and unreviewed)

	For 9 months ending February 28 <u>2010</u>	For the year ending May 31 <u>2009</u>
Cash flows from operating activities:		
Net gain / loss	502,867	(40,156)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	12,553	16,125
Amortization of convertible note interest	-	-
Compensation expense	-	-
(Gain) loss on disposition of fixed assets	-	-
(Gain) on sales assets held for resale	-	-
Loss from equity method investment	-	-
Forgiveness of Debt	(555,942)	-
Net Capital Gain		
Changes in operating assets and liabilities		
(Increase) decrease in:		
Accounts receivable	(57,437)	(45,556)
Inventories	-	-
Taxes receivables	-	-
Prepaid expenses and other current assets		-
Increase (decrease) in:		
Accounts payable and accrued liabilities	244,492	73,059
Net cash used in operating activities	<u>146,533</u>	<u>3,472</u>
Cash flows from investing activities:		
Net (proceeds)repayment of loan receivable		-
Increase in franchise sales receivables	-	-
Proceeds from franchise sales receivables	-	-
Proceeds of stockholder`s loan receivable	-	-
Net proceeds (acquisition) of assets held for resale	-	-
Acquisition of property and equipment	-	-
Proceeds of disposition of fixed assets	-	-
Investment in related company	-	-
Net cash (used in) provided by investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities:		
Proceeds from convertible note payable		-
Acquisition cost related to convertible note payable	-	-
Proceeds from loans payable		52,767
Principal payments of loans payable	(133,624)	(157,475)
Proceeds from long-term debt		-
Repayment of deposits	-	-
Proceeds from issuance of common stock		97,400
Net cash provided by (used in) financing activities	<u>(133,624)</u>	<u>(7,308)</u>
Effect of Foreign Currency Translation	<u>(12,909)</u>	<u>3,836</u>
Net Increase in Cash and Cash Equivalents	262	1,106
Cash and Cash equivalents - beginning of year	<u>318</u>	<u>(788)</u>
Cash and Cash equivalents end of year	<u>580</u>	<u>318</u>

DONINI, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
AND COMPREHENSIVE LOSS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2010

	Common Stock \$0.001 Par Value		Additional Paid-In Capital	Common Stock Issued As Collateral For Note Payable	Accumulated Deficit	Foreign Currency Translation	Total Stockholders' Deficit	Total Comprehensive Loss
	Number of Shares	Common Stock Amount						
Balances - May 31, 2008	98,648,176	98,648	6,775,021	(672,000)	(7,635,285)	(543,178)	(1,976,794)	\$ (74,319)
Currency translation adjustment	-	-	-	-	-	3,836	3,836	3,836
Reverse split	(98,450,880)	(98,451)	98,451	-	-	-	-	-
Common stock issued in debt to equity conversion	97,400,000	97,400	-	-	-	-	97,400	-
Issurance of warrants in connection with debt conversion	-	-	-	-	-	-	-	-
Net loss for the year ended 'May 31, 2009	-	-	-	-	(40,156)	-	(40,156)	(40,156)
Balances - May 31, 2009	97,597,296	97,597	6,873,472	(672,000)	(7,675,441)	(539,342)	(1,915,714)	\$ (36,320)
Currency translation adjustment	-	-	-	-	-	(12,909)	(12,909)	(12,909)
Adj Frac Shs	1,004	1	(1)	-	-	-	-	-
Common stock issued in debt to equity conversion	350,000,000	350,000	-	-	-	-	350,000	-
Net loss for the nine months ended 'February 28, 2010	-	-	-	-	502,867	-	502,867	502,867
Balances - February 28, 2010	447,598,300	447,598	6,873,471	(672,000)	(7,172,574)	(552,251)	(1,075,756)	\$ 489,958

DONINI INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

February 28, 2010

(unaudited and unreviewed)

1. DESCRIPTION OF BUSINESS

Donini, Inc. (the "Company") is incorporated in the State of New Jersey. The Company has two Canadian subsidiaries, Donini Group, Inc., and Pizzacorp Franchises DTC, Inc., whose purposes are, respectively, to hold and control the intellectual property of the Company and to license the trademarks and oversee the licensed franchisees of the marks. Donini Group, Inc. is a wholly-owned subsidiary of the Company and Pizzacorp Franchises DTC Inc. is a majority-controlled subsidiary of Donini Group, Inc. Through its Canadian subsidiaries, the Company is the franchisor of five (5) pizza delivery restaurants operating under the trade name "Pizza Donini," with seating of between 25 to 50 seats and one (1) 120-seat, fully-licensed Italian restaurant operating under the trade name "Donini Resto Bar." All units are located in the Greater Montreal area, in the province of Quebec, Canada.

The investment in Pronto Donini, LLC is carried at equity, adjusted for the Company's proportionate share of Pronto's undistributed earnings or losses.

During fiscal years 2007 and 2008, the Company restructured its operations in two ways. It ceased all of its production activities and its call center, outsourcing those functions to others. The subsidiaries that formerly performed these activities were reorganized in a bankruptcy-type proceeding and liquidated. The Company also converted all its remaining operating units to franchised ones, operated by third-parties. This further reduced costs, but also substantially reduced gross revenues, which presently consist of royalty payments and volume allowances of products to the franchise units.

Going Concern

The accompanying financial statements have been prepared on the basis that the company will continue as a going concern and that assets and liabilities have been recorded on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business. However, the accompanying financial statements reflect that the Company has incurred significant operating losses, has a deficit in stockholders' equity and a working capital deficit at May 31, 2009. In addition the Company will require additional financing to meet its future obligations. These matters raise substantial doubt as to the Company's ability to continue as a going concern. The Company's ability to continue as a going concern will depend on its attaining profitable operations and the ability to obtain additional financing. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue its existence.

Certain of the Company's subsidiaries filed proceedings similar to Chapter XI Bankruptcy Proceedings and have ceased operations, including a call center and manufacturing facilities, which are now outsourced functions. Also, one of the Company's franchises operating the Resto Bar Restaurant is in default of its payments to the Company and others and is contemplating filing for bankruptcy protection in which case the Company would experience a write off of all past due franchise payments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements consolidate the accounts of Donini, Inc., its wholly-owned subsidiary Donini Group, Inc., and its majority-controlled subsidiary, Pizzacorp DTC Franchises, Inc. All significant inter-

company accounts and transactions have been eliminated in consolidation. Certain amounts from prior years have been reclassified to conform to the current year presentation.

The accompanying unaudited and unreviewed consolidated financial statements reflect all adjustments of a normal recurring nature, which are, in the opinion of management, necessary for a fair statement of the financial position and results of operations. The consolidated financial statements are unaudited and unreviewed and are subject to such year-end adjustments as may be considered appropriate.

Earnings (Loss) per Share

The Company computes earnings or loss per share in accordance with Statement of Financial Accounting Standards No. 128, "Earnings per Share" (SFAS 128). Basic earnings per share are computed by dividing income available to common stockholders by the weighted average number of common shares outstanding. Diluted earnings per share reflect the potential dilution that could occur if securities or other agreements to issue common stock were exercised or converted into common stock, only in the periods in which the effect is dilutive.

Accounting for Stock-Based Compensation

The Company has elected to follow Accounting Principles Board Opinion No. 25 (APB 25) "Accounting for Stock Issued to Employees" in accounting for options and warrants granted to its employees. Under APB25, when the exercise price of the Company's options or warrants equals or is above the market price of the underlying stock on the date of grant, no compensation expense is recognized.

Stock options and warrants granted to non-employees are recorded at their fair value, as determined in accordance with Financial Accounting Standards Board Statement No. 123 (SFAS 123) "Accounting for Stock Based Compensation" and Emerging Issues Task Force Consensus No. 96-18, and recognized over the related service period.

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment," which replaces SFAS 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"), and supersedes Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25"). SFAS 123(R) requires companies to recognize in their income statement the grant-date fair value of stock options and other equity-based compensation issued to employees. The Company is required to adopt SFAS 123(R) beginning March 1, 2006. Grant-date fair value will be determined using one of two acceptable valuation models. The Standard requires that compensation expense for most equity-based awards be recognized over the requisite service period, usually the vesting period; while compensation expense for liability-based awards (those usually settled in cash rather than stock) be measured to fair-value at each balance sheet date until the award is settled. The Standard also provides guidance as to the accounting treatment for income taxes related to such compensation costs, as well as transition issues related to adopting the new Standard.

For purposes of disclosures, the eliminated fair value of the options is amortized to expense over the options' vesting period and the fair value of stock options granted were estimated using the Black-Sholes option pricing model with the following weighted-average assumptions used for grants in 2009 and 2008; risk-free rates of 1.32% to 4.49%, an expected life of 2 to 5 years, an expected volatility of 248% to 518% and no expected dividends. There was no stock based compensation for fiscal years 2008 and 2009.

Recent Accounting Pronouncements

In May 2005, the FASB issued FASB Statement No. 154, "Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20, Accounting Changes and FASB Statement No. 3, Reporting Accounting Changes in Interim Financial Statements" ("SFAS 154"). SFAS 154 provides guidance on the accounting for and

reporting of accounting changes and error corrections. It establishes, unless impracticable, retrospective application as the required method for reporting a change in the accounting principles in the absence of explicit transition requirements specific to the newly adopted accounting principle. SFAS 154 also provides guidance for determining whether retrospective application of a change in accounting principles is impracticable and for reporting a change when retrospective application is impracticable. The provisions of SFAS 154 are effective for accounting changes and corrections of errors made in fiscal periods beginning after December 15, 2005. The adoption of the provisions of SFAS 154 is not expected to have a material impact on the Company's financial position or results of operations.

3. CONVERTIBLE NOTES PAYABLE

On June 7, 2004, the Company entered into a Security Purchase Agreement with Global Capital Funding Group, L.P. ("Global"), whereby Global purchased a \$1,500,000 convertible note ("Note") for \$1,200,000. The Note was to mature on June 7, 2007 and was secured by the Company's accounts receivable, inventory, property and equipment and general tangibles.

In connection with the Agreement, the Company issued a warrant to Global to purchase 500,000 shares of common stock as additional finance costs. In addition, the Company issued a warrant to an unrelated corporation to purchase 50,000 shares of common stock as a finder's fee. Both warrants unexpired on June 7, 2009.

On October 1, 2004, the Company and Global entered into an Exchange Agreement whereby the Note was exchanged for a new note ("New Note") in the amount of \$1,540,000. The New Note matured on June 7, 2006 and was secured by a first lien on the Company's non-real estate assets and the issuance and pledge of 8,400,000 shares of common stock. The effective interest rate on the New Note is approximately 13%.

Other terms under the New Note are as follows:

1. As long as there is no event of default (as defined), the Company may, at its option, prepay the New Note at a price equal to the outstanding principal amount of the New Note, \$40,000 of liquidating damages and all accrued and unpaid interest.
2. Global has the right to convert the New Note into shares of common stock upon an event of default (as defined) or at any time following June 7, 2005 at the following conversion price – (a) Principal amount being converted together with the accrued and unpaid interest through the date of conversion divided by (b) 100% of the three lowest bid prices during the twenty (20) trading days immediately preceding the date of conversion. Global can only convert (other than due to an event of default) if the price of the Company's common stock is equal to or greater than \$.60 per share at the time of conversion.

The balance owed under the New Note is as follows:

	May 31, 2009	May 31, 2008
Balance owed at maturity	\$1,540,000	\$1,540,000
Unamortized finance costs	-	-
Unamortized interest	-	-

3. Global had declared the New Note in default and instituted a lawsuit in the United States District Court of New Jersey because of the Company's alleged default. The Company and Global have settled this lawsuit and all disputes on the following terms:

- a. The Company shall pay Global \$500,000.00 in two (2) years, evidenced by an interest-free note ("Note")
- b. The Company shall pay Global, to reduce principal, 15% of any capital raised through the sale of Common Stock.
- c. Peter Deros will personally guarantee up to \$150,000 of the Company's Note.
- d. Global shall retain 16,000 shares of the Company's Common Stock, held as security for the loan, which shares shall be returned upon payment of the Note.
- e. The Company shall obtain the return of the 16,000 shares upon the payment of the first \$25,000 due on the Note.
- f. The matter has been declared settled and an Order dismissing the case has been entered.

In July 2004 a non-affiliated party lent \$250,000 to one of the Company's franchisees, which the Company guaranteed. The balance of the Note, as of February 8, 2010 was approximately \$150,000, exclusive of accrued interest, which Note is in default. Various other notes of the Company are in default but none are in litigation.

4. STOCKHOLDERS' DEFICIT

On November 8, 2005, the Company converted \$639,963 of accounts and loans payable from various note holders and vendors in exchange for 2,543,511 shares of common stock and 1,271,757 warrants. The warrants have a three-year term and allow the holder to purchase shares of the Company's common stock at \$.30 per share. Of those amounts 702,024 shares of common stock and 351,012 warrants were issued to related parties. This transaction resulted in a gain on forgiveness of debt in the amount of \$339,112.

Stock Options

On November 8, 2005, the Company issued 8,000,000 five-year options to its employees to purchase its common stock at \$.30 per share. The options vest at a rate of 20% per annum but terminate upon the employees leaving the Company for any reason.

5. CONTINGENCIES

The Company and its President are guarantors on a two-year 8% promissory note (the "Note") of \$250,000 made by a non-affiliated person to a franchisee of the Company. The Note is payable in monthly installments of \$5,054 including interest commencing in October 2004 through September 2009. Other terms of the Note include:

1. The Note is secured by a subordinated interest in all of the assets of the franchise which has gone into bankruptcy.
2. If an event of default occurs, the lender, at his option, can demand immediate payment of any and all amounts then-owing or to become owing.

As of May 31, 2009, the franchisee has not made any of the required monthly installments. The Company has made interest payments on behalf of the franchisee totaling approximately \$24,600. Such amounts have been classified as loan receivable on the balance sheet. Although the Note is in default, the lender has not demanded immediate payment of all amounts owed and owing.

6. SIGNIFICANT EVENTS

On December 19, 2008, the Company effected a reverse split of its Common Stock on the basis of one share of Common Stock for each 500 shares held by a stockholder.

Effective December 20, 2008, the Company issued 97,400,000 shares of Common Stock to 15 shareholders.

Effective September 1, 2009, three of the Company's franchisees terminated their relationship with the Company so that as of that date, the Company was operating a franchised unit, one fully-licensed Italian franchised restaurant with delivery service and five franchised delivery restaurants, one of which is operated by Jean Vassiliadis, who, as of September 21, 2009, became the President and C.E.O. of the Company's Canadian operating subsidiary, Pizzacorp DTC Franchises, Inc.

On or about December 22, 2009, the Company increased the number of authorized shares of Common Stock from 100,000,000 to 400,000,000 and authorized 100,000,000 shares of Preferred Stock to be issued.

On or about January 8, 2010, the Company increased the number of authorized shares of Common Stock from 400,000,000 to 750,000,000.

As of January 15, 2010, the Company issued 350,000,000 shares of Common Stock to 17 shareholders for services rendered.