AXIM INTERNATIONAL INC.
Form 10-Q
May 15, 2013

FORM 10-Q

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

For the quarterly period ended March 31, 2013

OR

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

For the transition period from ________ to ________

Commission file number 000-54296

Axim International Inc.

(Exact name of registrant as specified in its charter)

Nevada	27-4092986
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

6623 Las Vegas Boulevard, Suite 255, Las Vegas, NV, 89119

(Address of principal executive offices)

(702) 750-8242

(Registrant’s telephone number, including area code)

No change

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x   No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x   No o

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

Large accelerated filer	o	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	x

(Do not check if a smaller reporting company)

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING

THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes o No o

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date: 33,000,000 shares of common stock, par value $.0001 per share, outstanding as of May 13, 2013.

AXIM INTERNATIONAL INC.

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PART I – FINANCIAL INFORMATION

Item 1.

AXIM INTERNATIONAL INC.

FINANCIAL STATEMENTS

MARCH 31, 2013

AXIM INTERNATIONAL, INC.

(A Development Stage Company)

CONDENSED BALANCE SHEETS

(Unaudited)

		March 31, 2013		December 31, 2012
ASSETS				
Current Assets				
Cash	$	14,428	$	19,128
License fee receivable		20,000		20,000
Total Current Assets		34,428		39,128
Other Asset				
Intangible asset – License		100,000		100,000
Less: accumulated amortization		(8,804)		(6,304)
Total Other Asset		91,196		93,696
TOTAL ASSETS	$	125,624	$	132,824
LIABILITIES AND SHAREHOLDERS' DEFICIT				
Current Liabilities				
Accounts payable and accrued expenses	$	41,570	$	32,570
Deferred revenue		10,834		21,667
Royalty fees payable		2,750		2,300
Due to shareholder		30,985		30,985
Convertible shareholder loan		50,000		50,000
Total liabilities		136,139		137,522
SHAREHOLDERS' DEFICIT				
Preferred stock, $0.0001 par value, 5,000,000 shares authorized; 1,000,000 issued and outstanding		100		100
Common stock, $0.0001 par value, 195,000,000 shares authorized; 33,000,000 issued and outstanding		3,300		3,300
Capital in excess of par value		11,700		11,700
Accumulated Deficit		(25,615)		(19,798)
Total shareholders' deficit		(10,515)		(4,698)

TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	$	125,624	$	132,824

The accompanying notes are an integral part of these financial statements.

AXIM INTERNATIONAL, INC.

(A Development Stage Company)

CONDENSED STATEMENTS OF OPERATIONS

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2013 AND 2012

(Unaudited)

	Three Month Periods Ended March 31, 2013	Three Month Periods Ended March 31, 2012	For the Period November 18, 2010 (Date of Inception) to March 31, 2013
Revenues	$ 10,833	$ 10,833	$ 64,166
General and administrative expenses	16,650	15,510	89,781
Net loss	$ (5,817)	$ (4,677)	$ (25,615)
Loss per common share – basic and diluted	$ -	$ -	$ -
Weighted average number of common shares outstanding	33,000,000	33,000,000	33,000,000

The accompanying notes are an integral part of these financial statements.

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AXIM INTERNATIONAL, INC.

(A Development Stage Company)

CONDENSED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS PERIODS ENDED MARCH 31, 2013 AND 2012

(Unaudited)

	2013	2012	For the Period November 18, 2010 (Date of Inception) to March 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (5,817)	$ (4,677)	$ (25,615)
Adjustments to reconcile net loss to net cash consumed by operating activities:			
Charges not requiring the outlay of cash:			
Amortization of intangible asset	2,500	1,250	8,804
Share issuance for organization expense	-	-	2,100
Changes in assets and liabilities:			
Decrease (increase) in license fee receivable	-	20,000	(20,000)
Increase in accounts payable and accrued expenses	9,000	300	41,570
Increase (decrease) in deferred revenue	(10,833)	(10,833)	10,834
Increase in royalty fees payable	450	450	2,750
Net cash provided (consumed) by operating activities	(4,700)	6,490	20,443
CASH FLOWS FROM INVESTING ACTIVITES			
Acquisition of license	-	-	(100,000)
Net cash consumed by investing activities	-	-	(100,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issuance of common shares	-	-	13,000
Proceeds from shareholder loan	-	9,510	30,985
Proceeds from convertible shareholder loan	-	-	50,000
Net cash provided by financing activities	-	9,510	93,985
Net change in cash	(4,700)	16,000	14,428

Cash, at beginning of period		19,128		23,138		-
Cash, at end of period	$	14,428	$	39,138	$	14,428

The accompanying notes are an integral part of these financial statements.

AXIM INTERNATIONAL, INC.

(A Development Stage Company)

NOTES TO CONDENSED FINANCIAL STATEMENTS

MARCH 31, 2013

(unaudited)

NOTE 1: BASIS OF PRESENTATION:

The unaudited interim financial statements of Axim International, Inc. as of March 31, 2013, and for the three month periods ended March 31, 2013 and 2012, have been prepared in accordance with United States generally accepted accounting principles. In the opinion of management, such information contains all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results of such periods. The results of operations of the three month period ended March 31, 2013 are not necessarily indicative of the results to be expected for the full year ending December 31, 2013.

Certain information and disclosures normally included in the notes to financial statements have been condensed or abbreviated as permitted by the rules and regulations of the Securities and Exchange Commission, although the Company believes the disclosure is adequate to make the information not misleading. The accompanying unaudited financial statements should be read in conjunction with the financial information of the fiscal year ended December 31, 2012.

NOTE 2: RELATED PARTY TRANSACTIONS

From inception (November 18, 2010) to March 31, 2013, the Company president advanced a total of $ 30,985 to fund working capital needs. That advance bears no interest and is due on demand.

Effective July 20, 2012, the Company entered into a Convertible Loan Agreement with 4 lenders. The Agreement provides for a principle sum of $ 280,000 with interest of 10% per annum and is due 36 months after the dates of issuance. As of March 31, 2013, the Company had not received any of these funds and the lenders are under no obligation to lend the money. The Company intends to borrow the money as needed to fund the acquisition of the APS200 system. When and if issued, the principal sums of these loans will be convertible into common stock at the options of the lenders within 24 months of issuance dates. The loan is convertible at $0.05 per share. The Agreement was entered into with non-U.S. persons. One of the unfunded loan agreements is with a related party, the Company president, in the amount of $100,000.

The Company will use proceeds of the loan, if available, to fund working capital in the amount of $30,000 and the purchase of the APS200 system totalling $250,000.

Effective November 26, 2012, the Company entered into a separate Convertible Loan Agreement with its President, under which it borrowed $50,000. This loan is due December 31, 2014 and does not bear interest. The loan is convertible into common stock at $.10 per share at the option of the lender any time after February 28, 2013. As of March 31, 2013, the loan has not been converted. The Company used the proceeds of this loan to fund the purchase of license rights under the November 26, 2012 agreement with Omega Research Corporation.

NOTE 3. GOING CONCERN

The Company’s financial statements have been presented assuming that the Company will continue as a going concern. As shown in the financial statements, the Company has negative working capital, has an accumulated deficit of $ 25,615, and presently does not have the resources to accomplish its objectives during the next twelve months. These conditions raise substantial doubt about the ability of the Company to continue as a going concern. The financial statements do not include any adjustments related to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue in operation.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward Looking Statement Notice

Certain statements made in this Quarterly Report on Form 10-Q are "forward-looking statements" (within the meaning of the Private Securities Litigation Reform Act of 1995) regarding the plans and objectives of management for future operations. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of Axim International, Inc. ("we", "us", "our" or the "Company") to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements included herein are based on current expectations that involve numerous risks and uncertainties. The Company's plans and objectives are based, in part, on assumptions involving the continued expansion of business. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Company. Although the Company believes its assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance the forward-looking statements included in this Quarterly Report will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company will be achieved.

Description of Business

We were incorporated in the State of Nevada on November 18, 2010 (Inception) and maintain our principal executive office at 6623 Las Vegas Boulevard, Suite 255, Las Vegas, NV, 89119. Since inception, we have been engaged in organizational efforts and obtaining initial financing. We were formed as a vehicle to pursue a business combination through the acquisition of, or merger with, an operating business. We filed a registration statement on Form 10 with the U.S. Securities and Exchange Commission (the "SEC") on March 10, 2011, and since its effectiveness, we have focused our efforts to identify a possible business combination.

Effective October 3, 2011, we entered into a Licensing Agreement with Omega Research Corporation ("Omega") for exclusive licensing rights for technology relating to the processing of organic waste to marketable by-products via the Advanced Pyrolysis System 200 ("APS200"). We will have exclusive rights to sub-license, establish joint ventures to commercialize, use and process organic waste, and sell related by-products in the territory of Jamaica, WI. We acquired the licensing rights for $ 50,000. We have the right to purchase from Omega, the APS200 system at a fixed price of $ 500,000 until June 30, 2013. Subsequent to June 30, 2013, Omega may increase the purchase price at its sole discretion to reflect raising costs of raw materials and labor. We are required to purchase one APS200 by June

30, 2013. Upon purchasing the APS200 system, we are subject to a royalty of 3% on licensee fees received as well as on gross sales from by-product sales generated from the APS200 system. The Agreement was an arms-length transaction.

On March 25, 2013, we entered into an agreement with Omega to extend the deadline to purchase the APS200. The deadline to purchase the APS200 is June 30, 2013 however we have the option to extend the deadline to September 30, 2013 for a fee of $ 5,000. We also have the option to extend the deadline further to December 31, 2013 for an addition fee of $ 5,000.

Effective October 28, 2011, we entered into a joint venture agreement with Alpha International Marketing Corp ("Alpha") to establish the APS200 system in Jamaica for converting used tires to biochar and fuel oil. Alpha, as a sub licensee, will be subject to a sub-license fee of $ 75,000 payable in monthly instalments of $ 5,000 per month commencing November 1, 2011. As per the Agreement with Omega, 3% of the sub license fee is payable to Omega on a quarterly basis. As additional consideration, the joint venture will remit a 3% royalty fee on all gross sales generated. Alpha is to raise $ 250,000, half of the purchase price of the APS200 system, and we are to raise the remaining balance. Alpha is to raise such funds by June 30, 2013. We are subject to raising the additional $250,000 by June 30, 2013.

On March 25, 2013, we entered into an addendum to its joint venture agreement dated October 28, 2013 with Alpha. Alpha has defaulted on their license fee payments and we have granted Alpha until June 30, 2013 to settle all amounts owed pursuant to the joint venture agreement, consisting of $ 20,000 in license fees owed and the $ 250,000 (50% of the purchase price of the APS200). The joint venture agreement previously specified that in the event that we do not raise the $250,000 for the purchase of the APS200 by June 30, 2013, we would be liable to return license fees received from Alpha. Alpha has waived our potential liability to return any license fees received under the joint venture agreement.

Effective November 26, 2012, we entered into a 2nd Licensing Agreement (the "2nd Agreement") with Omega Research Corporation ("Omega") for exclusive licensing rights to sub-license, establish joint ventures to commercialize, use and process organic waste, and sell related by-products in the territory of the Bahamas, Dominican Republic, St., Thomas, St. Maarten, and Grenada ("Additional Territories") for 20 years. We acquired the licensing rights for $ 50,000. We have the right to purchase from Omega, the APS200 system at a fixed price of $ 500,000 until December 31, 2014. Subsequent to December 31, 2014, Omega may increase the purchase price at its sole discretion to reflect raising costs of raw materials and labor. We are subject to a royalty of 3% on any sub-licensee fees received as well as on gross sales from by-product sales generated from the APS200 system. The Agreement was an arms-length transaction.

With the exception of establishing joint venture operations with Alpha, during the next twelve months we anticipate incurring costs related to:

(i) filing Exchange Act reports, and

(ii) contractual obligations to various consultants

We believe we will be able to meet these costs through use of funds in our treasury, through deferral of fees by certain service providers and additional amounts, as necessary, to be loaned to or invested in us by our stockholders, management or other investors. As of the date of the period covered by this report, we have $ 14,428 in cash. There are no assurances that we will be able to secure any additional funding as needed. Currently, however our ability to continue as a going concern is dependent upon our ability to generate future profitable operations and/or to obtain the necessary financing to meet our obligations and repay our liabilities arising from normal business operations when they come due. Management's plan includes obtaining additional funds by equity financing and/or related party advances, however there is no assurance of additional funding being available.

We are in our early stages of development and growth, without established records of sales or earnings. We will be subject to numerous risks inherent in the business and operations of financially unstable and early stage or potential emerging growth companies.

Liquidity and Capital Resources

With the exception of establishing joint venture operations with Alpha, our cash requirements for the next twelve months are $ 65,000.

Contractual obligations – consulting fees	$	36,000
Other consulting fees		12,000
Audit and accounting		10,000
Royalty fees on monthly sub license fee		3,000
Miscellaneous		4,000
Total	$	65,000

Contractual obligations consist of our contract with Browngate Corporate Services Inc. (“Browngate”), whereas Browngate will provide consulting services relating to accounting and corporate governance. Browngate will also provide office space and telephone and fax rental and also administrative support. The term of the agreement is effective November 1, 2011 for a 12 month period and then from a month to month term subsequent to the contract term. The agreement can be cancelled with 30 days written notice. The monthly fee for such services is $ 3,000.

We intend on engaging the services of an engineer to assist with the maintenance and enhancement of the APS200 system. We have entered into various discussions with engineers however as of to date, no agreement has materialized.

We estimate that our audit and accounting costs to be $ 10,000 however this amount may vary.

We can provide no assurance that the Company can continue to satisfy its cash requirements for at least the next twelve months.

We expect to obtain financing through shareholder loans and private placements. Shareholder loans will be without stated terms of repayment or interest. We will not consider taking on any long-term or short-term debt from financial institutions in the immediate future. Shareholders loans may be granted from time to time as required to meet current working capital needs. We have no formal agreement that ensures that we will receive such loans. We may exhaust this source of funding at any time.

We are dependent upon certain related parties to provide continued funding and capital resources. If continued funding and capital resources are unavailable at reasonable terms, we may not be able to implement our plan of operations.

Sources of Capital:

We expect to sustain our working capital needs through shareholder loans and private placements. Shareholder loans will be without stated terms of repayment or interest. We will not consider taking on any long-term or short-term debt from financial institutions in the immediate future. Shareholders loans may be granted from time to time as required to meet current working capital needs. We have no formal agreement that ensures that we will receive such loans. We may exhaust this source of funding at any time.

On July 20, 2012 the Company Board of Directors approved convertible loan agreements with four individual lenders to borrow the principal amount of $280,000 with interest at 10% and the principal due in thirty nine months after the loan date. The loans may be converted into Company common stock at $.05 per share and must be converted within twenty four months of the loan date and before nine months prior to the maturity date. This borrowing approval is for a future need for funds pursuant to a joint venture agreement. It does not guarantee that the loans will be made or that funds will be available at that time. One of the individual lenders is a related party.

Effective November 26, 2012, we entered into a Convertible Loan Agreement with our Company President (a Non US Person). The loan provides a principle sum of up to $ 50,000 with no interest and is due and payable by December 31, 2014. The outstanding loan is convertible into common stock at the option of the lender any time after February 28, 2013. The loan is convertible at $ 0.10 per share.

Results of Operations

For the three month periods ended March 31, 2013 and 2012, our revenues totaled $ 10,833 in each period consisting solely of sub license fees received and recoverable from Alpha. License fees received are recognized over a period of 18 months commencing January 1, 2012 to June 30, 2013.

Our expenses for the three periods March 31, 2013 and 2012 are as follows:

	Three month Period Ended March 31, 2013		Three Month Period Ended March 31, 2012	
Legal	$	3,474	$	3,474
Audit		4,000		4,300
Filing fees		3,202		2,502
Office		2,424		2,934
Amortization		2,500		1,250
Rent		600		600
Royalty fees		450		450
Total	$	16,650	$	15,510

For the three month periods ended March 31, 2013 and 2012, legal, office, filing fees, and rent expense relate to costs incurred as per our contract with Browngate. These expenses are not expected to fluctuate. Our audits fee relates to the audit and review of our 2012 and 2011 year end financial statements, respectively. Royalty fees are 3% of sub license fees received. Our license is amortized on a straight line basis over a period of 10 years.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Contractual Obligations

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, the Company is not required to provide this information.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, the Company is not required to provide information required by this Item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed pursuant to the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules, regulations and related forms, and that such information is accumulated and communicated to our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

As of March 31, 2013, we carried out an evaluation, under the supervision and with the participation of our principal executive officer and our principal financial officer of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this report.

Changes in Internal Controls

There have been no changes in our internal controls over financial reporting during the quarter ended March 31, 2013 that have materially affected or are reasonably likely to materially affect our internal controls.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

There are presently no material pending legal proceedings to which the Company, any executive officer, any owner of record or beneficially of more than five percent of any class of voting securities is a party or as to which any of its property is subject, and no such proceedings are known to the Company to be threatened or contemplated against it.

Item 1A. Risk Factors.

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, the Company is not required to provide information required by this Item.

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

None

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Removed and Reserved.

Item 5. Other Information.

None.

Item 6. Exhibits.

(a) Exhibits required by Item 601 of Regulation S-K.

Exhibit No.	Description
*3.1	Certificate of Incorporation, as filed with the Nevada Secretary of State on November 19, 2010.
*3.2	By-laws.
31.1	Certification of the Company's Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013.
32.1	Certification of the Company's Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed as an exhibit to the Company's Registration Statement on Form 10, as filed with the SEC on March 10, 2011, and incorporated herein by this reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AXIM INTERNATIONAL, INC.

Dated: May 13, 2013

By: /s/ Rosemary Samuels
Rosemary Samuels
President and Director

Principal Executive Officer

Principal Financial Officer