UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10

(Amendment No. 1)

GENERAL FORM FOR REGISTRATION OF SECURITIES
Pursuant to Section 12(b) or 12(g) of The Securities Exchange Act of 1934

AXIS TECHNOLOGIES GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware	26-1326434
(State of incorporation)	(IRS Employer Identification Number)
2055 S. Folsom, Lincoln NE	68522
(Address of principal executive offices)	(Zip Code)

(Registrant's telephone number) (866) 458-9880

Securities to be registered pursuant to Section 12(b) of the Act:

Title of each class to be so registered	Name of each exchange on which each class is to be registered
Not Applicable	

Securities to be registered pursuant to Section 12(g) of the Act:

Common Stock, par value $0.001 per share
(Title of class)

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

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	T

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AXIS TECHNOLOGIES GROUP, INC.

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EXPLANATORY NOTE

We are filing this General Form for Registration of Securities on Form 10 to register our common stock, par value $0.001, pursuant to Section 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Once we have completed this registration, we will be subject to the requirements of Regulation 13A under the Exchange Act, which will require us to file annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, and we will be required to comply with all other obligations of the Exchange Act applicable to issuers filing registration statements pursuant to Section 12(g).

As used in this Form 10, unless the context requires otherwise, "we", "us", "our", "Axis", "Company" or "Issuer" means Axis Technologies Group, Inc. and its consolidated subsidiaries. Our principal place of business is located at 2055 South Folsom, Lincoln, Nebraska 68522.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

All statements contained in this Form 10, other than statements of historical facts that address future activities, events or developments are forward-looking statements, including, but not limited to, statements containing the words "believe," "anticipate," "expect" and words of similar import. These statements are based on certain assumptions and analyses made by us in light of our experience and our assessment of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, whether actual results will conform to the expectations and predictions of management is subject to a number of risks and uncertainties that may cause actual results to differ materially.

Such risks include, among others, the following: international, national and local general economic and market conditions: our ability to sustain, manage or forecast our growth; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other factors referenced in this filing.

Consequently, all of the forward-looking statements made in this Form 10 are qualified by these cautionary statements and there can be no assurance that the actual results anticipated by management will be realized or, even if substantially realized, that they will have the expected consequences to or effects on our business operations.

Item 1. Business.

Axis Technologies Group, Inc. (the "Company"), a Delaware corporation which was incorporated on September 30, 1997 under the name C2i Solutions, Inc., through its wholly owned operating subsidiary, Axis Technologies, Inc., a Delaware corporation is in the business of the development and marketing of daylight harvesting fluorescent lighting ballasts that use natural lighting to reduce electricity consumption. A ballast is an electronic component that regulates voltage in lighting. The Company's market for advertising and selling the product currently lies within North America.

The Company was originally incorporated as C2i Solutions, Inc. in September 1997. The Company was subject to the reporting requirements of the Exchange Act until it withdrew as a reporting company in March 2001. Subsequent thereto, after several name changes, the Company became Riverside Entertainment in May 2004. On October 25, 2006, the Company acquired all of the issued and outstanding shares of its subsidiary company Axis Technologies, Inc. in a share exchange transaction. Axis Technologies, Inc. had a total of six shareholders, each of which exchanged all of their ownership interest in the subsidiary for shares in the Company. In exchange for their shares, the owners of the subsidiary shares received a combined total of 45,000,000 newly issued restricted shares of the Company which resulted in a change of control of the Company. As a result of the transaction, the existing management of Axis Technologies, Inc. became new management of the Company.

The Company's primary products are self-contained electronic, dimming and daylight harvesting, fluorescent ballasts. The Company markets energy-saving electronic components for the commercial lighting sector and has spent over two years in its product development. The Company develops, tests, and patents unique technology to create energy efficient products that meet federal energy code standards and encourage Green initiatives for high-profile companies. Extensive testing was conducted to ensure product reliability, and energy-saving properties. The Company has obtained and owns the patent rights for our ballasts' unique control system, and has trademarked our slogan "The Future of Fluorescent Lighting". UL (Underwriters Laboratory), the lighting industry's certification authority, has approved our products for use in the United States and Canada.

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The Company's target market is small to large commercial users of fluorescent lighting including office buildings, wholesale and retail buildings, hospitals, schools and government buildings. We have arrangements with sales representatives, electrical distributors, electrical contractors, retrofitters, ESCO's (Energy Service Companies), and OEM's (Original Equipment Manufacturers) to market, distribute and install the Company's products.

We have not been in bankruptcy, receivership, or any similar proceeding, and have not defaulted on the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring us to make any material payments.

Market for Electronic Dimming Ballasts

We believe the market for electronic ballasts to be in excess of $700 million in annual sales. Based on the market data, we anticipate that this market will continue moderate growth for the next ten to fifteen years. Although the overall economic outlook for the U.S. is presently not optimistic, we do not believe that the sales of our products will correlate with the overall economic conditions because of the present need to establish more efficient use of energy and reduce energy costs. However, due to switching costs of our customers and the higher price of our products, there can be no assurance that our products will be accepted by the market.

T8 Ballasts

Our current and primary product is the patented T8 Axis Daylight Harvesting Dimming Ballast. This ballast uses simple technology that transforms the standard ballast, into a dynamic energy saving system that can reduce lighting energy costs by up to 70% over a magnetic ballast utilizing T12 lamps. A report titled "Demonstration of Efficient Lighting Conversion of the Lincoln Electric System Administration System" written by Lincoln Electric System engineers, dated October 2004 shows a 69% energy savings, and an 88% energy savings. The Axis Ballast utilizes an individual photo sensor to automatically adjust the amount of electrical current flowing to the light fixture and then dims or increases lighting in conjunction with the amount of available sunlight. Based on our knowledge, the Axis Ballast is the only ballast on the market that has automatic dimming controls integrated into each ballast. This feature reduces the costs of acquisition and installation by up to two-thirds over that of competing dimming systems, which require that first, a dimming ballast must be acquired, then a separate control system, and a separate photocell; then all components must be "hard-wired" together, and then "commissioned" or "balanced" in order to operate properly. This extra equipment and labor can cost three times the acquisition and installation cost of the Axis ballast system.

T5HO Ballasts

We plan to introduce a line of dimming and daylight harvesting ballasts with the same control system as our present T8 ballasts which utilize 32 watt, T8 lamps; that would utilize T5HO (54 watt, High Output) lamps. These lamps are smaller in diameter and put out more light per lamp than T8 lamps. They are used mainly in "high-bay" fixtures which are normally installed in warehouses, gymnasiums, larger retail stores, etc. Skylights are frequently installed in these applications, and a dimming ballast as provided by Axis would be an economical choice to greatly reduce the lighting energy needed to illuminate these spaces.

This ballast is in the process of being developed and will be submitted to UL for testing and approval. All electronic products must to submitted to, and approved by, a testing agency such as UL (Underwriters Laboratories) before they can be sold in the US and/or Canada. UL tests for safety-related issues only, not for any operational claims made by the manufacturer. UL requires that from 4 to 6 complete samples be submitted for their proprietary testing. A typical timeline for a product going through the UL approval process may take 90 days. Once approval is obtained from UL, the product can be sold.

Status of New Products

Load Shedding Ballast:

In October of 2007, we commenced development work on a new line of wireless addressable, load shedding ballasts. Using our affiliate membership, in which we pay an annual membership fee with the California Lighting Technology Centerat the University of California-Davis, we have been working with the CLTC personnel to develop an additional line of Axis ballasts that would specifically address peak demand load shedding. Our load shedding ballast is currently under design. The component architecture is scheduled for completion at the end of 2008. Testing and UL approval will follow, with the preliminary production run and beta testing of ballasts scheduled for the end of the first quarter of 2009.

Full inventory should be in our warehouse by the end of the second quarter of 2009. Most utility companies charge their customers a surcharge or "peak demand" charge during those times of day when the load on the power plants are at the highest. Usually this means the power companies must start up higher cost generators, and/or buy power from the electrical grid at higher rates. Our ballast would allow the power companies the ability to reduce the lighting load for their customers during those peak demand periods by sending a signal to their subscriber customers. This would provide a benefit for both the utility company and their customers. Several utility companies have expressed interest in working with us to complete the development of the load shedding ballasts in order to provide for the installation of the ballasts in their customer facilities. A utility company in the Northeast has verbally committed to purchasing the load shedding ballast as soon as it is available, and will be conducting the first beta testing. We are designing it to the needs of utility "Advanced Metering Infrastructure" (AMI) communication requirements. The volume of ballasts purchased from this one utility would be significant, and all other major utilities will have similar applications for this product. The U.S. federal government has mandated that power companies nation-wide reduce their greenhouse gas emissions and reduce energy consumption by January of 2009. Axis is not privy to exactly the reductions being mandated by the Federal Government on any specific utility company, but factors such as energy costs and energy demands are part of the equation. We believe that the January 2009 deadline will not be reached by the vast majority of the utility companies and, accordingly, we believe that they will be interested in energy-saving products such as the Axis ballasts.

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Because both the Load Shedding Ballast and T5HO Ballast are simpler, more cost effective, and directly serve the market needs, we believe these qualities create a competitive advantage for us and allow us to gain a larger acceptance in the market.

Competition

The energy saving electronic component market is very competitive. There are other companies that manufacture dimming ballasts, such as Advance, Sylvania, GE and others. These companies have larger financial resources, including larger operating, staffing and advertising budgets. These companies are also better-known than us. We believe that most of these ballasts from competitive companies, however, primarily require that a separate control system be installed, that separate photosensors be installed, and that all components must be "hard-wired" together, then "commissioned" (adjusted) in order to work properly. These systems cost about three times that of our system because of the extra components to purchase and labor to install. Also, because of their complexity, they have proved cumbersome to maintain.

The other type of general competition for our ballasts is standard electronic ballasts. Even though the Axis ballast system is cost-efficient and has demonstrated to reduce up to 40% of the lighting energy costs over these ballasts, the end consumer is many times reluctant to pay the switching costs to install the Axis dimming system.

With regard to our daylight harvesting products, to our knowledge, there are currently no direct competitors to this technology. However, we do experience indirect competition from other lower cost ballasts, which have a lower installation cost and which do not utilize the daylight harvesting technique, as an alternative solution. To minimize the effects of competition, we are working with energy agencies to promote the usage and acceptance of our products. We are also continuously upgrading and improving the performance and reliability of our ballasts. We believe that our products' lower acquisition costs, lower installation costs, and improved energy savings will differentiate our ballasts from the current ballasts in the market and increase our products' acceptance in the market.

Principal Suppliers and Manufacturers

On August 23, 2003, we entered into an exclusive Manufacturing Agreement with Shanghai Gold Lighting Co, Ltd. (SGLC) to manufacture and supply our products, which includes our ballasts and other electronic equipment. The initial term of our Manufacturing Agreement is 5 years which will automatically renew in subsequent one year terms unless terminated by the parties.

Under the Manufacturing Agreement, we have a minimum annual commitment to purchase $1.5M worth of products from SGLC. Although we have not met our minimum annual commitment, SGLC has never asserted a breach of the agreement. Rather the parties have adjusted the prices to compensate for the lower volume. If either party materially breaches its obligations under the Manufacturing Agreement and fails to cure the material breach within 90 days of the receipt of notice, the non-breaching party may terminate the agreement. Otherwise, either party may terminate the agreement for its convenience upon 90 days notice to the other party. Notwithstanding the foregoing, this agreement may immediately be terminated if either party materially breaches its confidentiality and intellectual property obligations.

At this time, Shanghai Gold Lighting Company, Ltd. headquartered in Shanghai, China, is our sole provider for all merchandise, manufacturing and equipment produced and sold by us. They are an ISO 9002 rated manufacturer which builds ballasts and other electronic equipment for other companies within the industry in addition to us. As an ISO 9002 rated manufacturer, Shanghai Gold Lighting Company has been certified by the International Organization for Standardization to meet established quality control and management standards to ensure that their manufacturing processes have complied with rigorous quality control metrics and requirements. They have supplied us with high quality and reliable products, and at competitive prices. All component materials are sourced and provided by Shanghai Gold, and our ballasts are built to our specifications and under the direct supervision of the Underwriters Laboratory. UL has representatives in China and they supervise the manufacturing to make certain that all components that go in to the assembly of the Axis ballasts, are themselves individually UL approved. Test results of each production run are provided to us by the factory before shipment.

Our operations will suffer a setback if our relationship with Shanghai Gold Lighting Company is terminated. However, should we cease to do business with Shanghai Gold Lighting Company, we can replace their services with other similar vendors. Additionally, we are currently in the process of soliciting additional providers to diversify our dependence on a sole supplier.

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Customers

For our fiscal year ended December 31, 2007, one customer accounted for twenty-three percent (23%) of our sales revenue and for the six months ended June 30, 2008, two customers accounted for sixty-four percent (64%) of our sales revenues. We are, however, in the process of talking with several utilities who have indicated an interest in adopting our products to further broaden our customer base.

In efforts to expand our customer base, we have established relationships, typically on a standard purchase order basis, with large wholesale distributors such as Grainger, Graybar, Consolidated Electrical Distributors (CED), Crescent, Wesco, Rexel, FSG, Winlectric; and smaller distributors across the country such as Jewel, Munro, Walter's Wholesale, Shepherd, Gilman, Kriz-Davis, American Light, Loeb, Platt, Motors & Controls who market and distribute our ballasts to third parties usually building owners. It should be noted, however, that we did not use any objective criteria for naming such customers mentioned above. We have named most of the major national electrical distributors, and a few of the smaller regional electrical distributors with which we have done business. Nevertheless, there are countless other distributors and OEM fixture manufacturers nationwide that were not mentioned. Our ballasts are marketed and sold through these distributors to, among others, electrical contractors and building owners. To date, there has been no material change to the constituency of our significant customers.

Building owners can retrofit their existing light fixtures with the Axis ballast. Our ballast can be sold individually for retrofit of existing fixtures, eliminating the need to replace the fixture, as well as in fixtures supplied by manufacturers for new installation. Axis does not typically sell direct to building owners, but sells to electrical distributors, Energy Service Companies, and fixture manufacturers, who then sell to the building owners. The building owners become Axis "customers" because they are utilizing our ballasts.

We have relationships with over 30 fluorescent fixture manufacturers who have factory-installed our ballasts in their fixtures for re-sale to their customers. Many of these original equipment manufacturers have made a catalog entry featuring their own "dimming/daylight harvesting" fixture which utilizes our ballasts.

Governmental Approvals and the Effect of Regulations on our Business

There are many states that have passed legislation that requires lighting controls at a minimum, and in some cases (California for example), there are requirements that new construction and major lighting retrofits incorporate daylight harvesting. These regulations are specific to lighting, and there are many further regulations in place from cities and states, that are requiring government buildings to save a certain amount of all forms of energy by specified dates. We believe that our dimming ballast system can help greatly in achieving these energy-reduction goals. All states in the United States are required to adopt an energy standard. The three main energy efficiency codes are from ASHRAE (American Society of Heating, Refrigerating, and Air-Conditioning Engineers), the IEC (International Electric Code), and California Title 24 Building Standards. The latest versions of these codes include requirements for daylighting and daylighting controls. While the three code standards had existed autonomously in previous years, they are working together to create a consistency of standards, across all three agencies, for lighting energy efficiency.

Newer and stricter energy efficiency codes mandated by the U.S. Federal government will encourage the use of our products. The Energy Policy Act of 2005 has mandated minimum energy reductions, and President Bush signed approval on Executive Order 13243 issued in January of 2007. The executive order requires a 30% energy reduction in Federal buildings, from 2003 energy levels, by 2015. These standards apply to all buildings owned, and leased, by the Federal government. We believe that due to these new regulations, the size of the electronic ballast market will expand significantly. While these new regulations do not expose us to additional liabilities, the Axis ballast can help these Federal buildings adhere to and comply with these requirements. With exception to standard business licenses and the certification of our products by the Underwriters Laboratory, we are not required to obtain any additional governmental approvals. We can obtain our standard business licenses with minimal cost and can renew them with relative ease.

License Agreement

On January 1, 2008, we entered into a license agreement with The Regents of the University of California, a California Corporation, (“Regents”). Only one other company has a license from the Regents. While the other company is not prohibited from competing with us, that company uses the license for a different application and purpose. The material terms of the License Agreement are as follows:

- We are granted a co-exclusive license to make, have made, use, offer for sale, import, sell, and have sold the Simplified Daylight Harvesting Technology which has been developed by Regents;
- We have paid the Regents a $5,000.00 License Fee
- Until the first sale of the Simplified Daylight Harvesting Technology products and services, we will pay to the Regents a license maintenance fee of $3,000 on each of the one-year, two-year, and three-year anniversaries of the license and $5,000 on each subsequent one-year anniversary of the license thereafter.

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- Additionally, royalties calculated as a percentage of net sales shall be paid to the Regents which may vary from 0.85% to 1.70% based upon the components that are sold.
- Earned royalties will be paid quarterly to the Regents
- Beginning in the first calendar year in which the sale of the Simplified Daylight Harvesting Technology products and services occur, we will pay the Regents a minimum annual royalty in accordance to the following payment schedule:

  - o Five Thousand Dollars ($5,000.00) for the first calendar year;
  - o Six Thousand Dollars ($6,000.00) for the second calendar year;
  - o Eight Thousand Dollars ($8,000.00) for the third calendar year;
  - o Ten Thousand Dollars ($10,000.00) for the fourth calendar year;
  - o Ten Thousand Dollars ($10,000.00) for each subsequent calendar year thereafter for the life of the license which is until the last patent expires or is abandoned, whichever is later.

Our current daylight harvesting system does not utilize the CLTC (California Lighting Technology Center) technology. Payments will begin when we begin selling ballasts equipped with the CLTC technology, which is currently being designed for integration into our ballast.

The duration of the license is for the life of the patents. Termination by either Licensee or Licensor are contained in the agreement.

OTHER MATTERS

Employees

Not including our executive officers, the Company currently has five full-time employees and no part-time employees. We believe our relationship with our employees is good. Currently, we do not have full-time employees devoted only to research and development.

Research and Development

During the last two full fiscal years, we have collaborated with the California Lighting and Technology Center through the Regents of the University of California by engaging in research and development activities and have signed a licensing agreement with them effective as of January 1, 2008. We are an affiliate member of the CLTC. We have contracted to license their Simplified Daylight Harvesting photosensor technology. We are further contracting with them in the integration of the technology, internal product testing, and public program testing for technology demonstration. In addition, we have active discussions in methods to accelerate the deployment of the daylight harvesting technology into the lighting industry, through private industry and utility rebate programs. In the event that we undertake research and development activities in the future, the costs of those efforts will not be bourn directly by our consumers. Future research and development programs will integrate more government and energy industry sponsorship through private or governmental sponsored grants.

Expenses for research and development over the last two years have been minimal, as our existing products were developed prior to that period.

Intellectual Property

In November, 2005, we were issued a patent (Patent #6,969,955) for a term of 17 years from the date of issuance that covers North America (expires November, 2022) to protect the ATI ballast and its unique control system, which utilizes a 7-position dipswitch to provide pre-set fixed output from 100% to 40% in approximately 10% increments; and an integral photo sensor which further dims the fixture to as much as an 80% reduction depending on available daylight. The ATI ballast is an apparatus and method for providing dimming control of an electronic ballast circuit that includes a electronic ballast circuit that is electrically connected to a plurality of input voltage terminals that can receive alternating current and the electronic ballast circuit is electrically connected to the plurality of fluorescent lamp terminals. The technology for our patent primarily involves the dimming control settings of the tuning dip-switch function, the dip switch and photosensor housings, and the integration of controls with the ballast circuit board. The intellectual property relating to the license with the California Lighting Technology Center is for a programming algorithm, used for the control and function of the photosensor.

Axis, by agreement with Shanghai Gold Lighting Company, granted to Shanghai Gold Lighting Company the intellectual property rights relating to our ballasts for the Asian market.

In September, 2005, the Company trademarked our slogan “The Future of Fluorescent Lighting” (under trademark # 78437293).

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Environmental Matters

We currently do not manufacture any product or conduct any activity that is subject to environmental laws. All manufacturing is undertaken by a third party. Nevertheless, it is possible that our activities could fall within the ambit of environmental regulation in the future.

Item 1A. Risk Factors.

An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below before deciding to purchase shares of our common stock. If any of the events, contingencies, circumstances or conditions described in the risks below actually occurs, our business, financial condition or results of operations could be seriously harmed. The trading price of our common stock could, in turn, decline, and you could lose all or part of your investment.

RISK FACTORS CONCERNING OUR BUSINESS AND OPERATIONS:

WE HAVE A LIMITED OPERATING HISTORY, WHICH MAY MAKE IT DIFFICULT FOR INVESTORS TO PREDICT OUR FUTURE PERFORMANCE BASED ON OUR CURRENT OPERATIONS.

We have a limited operating history upon which investors may base an evaluation of our potential future performance. As a result, there can be no assurance that we will be able to develop consistent revenue sources, or that our operations will be profitable. Our prospects must be considered in light of the risks, expense and difficulties frequently encountered by companies in an early stage of development.

We must, among other things, determine appropriate risks, rewards and level of investment in each project, respond to economic and market variables outside of our control, respond to competitive developments and continue to attract, retain and motivate qualified employees. There can be no assurance that we will be successful in meeting these challenges and addressing such risks and the failure to do so could have a materially adverse effect on our business, results of operations and financial condition.

WE HAVE EXPERIENCED SUBSTANTIAL OPERATING LOSSES AND MAY INCUR ADDITIONAL OPERATION LOSSES IN THE FUTURE.

During the twelve month period ended December 31, 2007, we have incurred a net loss of $775,019 and during the six months ended June 30, 2008, we have incurred a net loss of $884,794, and have not generated significant revenues to date. We may continue to incur losses until we are able to generate sufficient revenues and cash flows from our marketing and distribution of ballasts in the commercial lighting market discussed herein. If we are unable to generate sufficient revenues and cash flows to meet our costs of operations, we could be forced to curtail or cease our business operations without obtaining additional financing.

WE COULD CEASE TO OPERATE AS A GOING CONCERN.

We have had and could have in the future losses, deficits and deficiencies in liquidity, which could impair our ability to continue as a going concern.

In Note #2 to our consolidated financial statements, our independent auditors have indicated that certain factors raise substantial doubt about our ability to continue as a going concern. During our periods of operation, we have suffered recurring losses from operations and have been dependent on existing stockholders and new investors to provide the cash resources to sustain our operations. During the year ended December 31, 2007, we had a negative working capital position of $300,089, an accumulated deficit of $2,247,944, and a stockholder's deficit of $277,667. For the six months ended June 30, 2008, we had an additional net loss of $844,794. During the years ended December 31, 2007 and 2006, we reported net losses and negative cash flows from operations as follows:

		2007		2006
Loss from operations	$	(756,868)	$	(364,299)
Net loss from continuing operations	$	(775,019)	$	(438,799)
Net cash (used in) operating activities	$	(763,382)	$	(521,215)

Our long-term viability as a going concern is dependent on certain key factors, as follows:

-- Our ability to continue to obtain sources of outside financing that will supplement current revenue and allow us to continue to develop and market our products.
-- Our ability to increase profitability and sustain a cash flow level that will ensure support for continuing operations as well as to continue to develop and market our products.

WE MAY NEED ADDITIONAL FINANCING WHICH WE MAY NOT BE ABLE TO OBTAIN ON ACCEPTABLE TERMS. IF WE ARE UNABLE TO RAISE ADDITIONAL CAPITAL, AS NEEDED, THE FUTURE GROWTH OF OUR BUSINESS AND OPERATIONS WOULD BE SEVERELY LIMITED.

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A limiting factor on our growth, including its ability to penetrate new markets, attract new customers, and deliver products and services in the commercial lighting market, is our limited capitalization compared to other companies in the industry. While we are currently able to fund all basic operating costs with our current financing in April 2008, it is possible that we may require additional funding in the future to achieve all of our proposed objectives.

If we raise additional capital through the issuance of debt, this will result in increased interest expense. If we raise additional funds through the issuance of equity or convertible debt securities, the percentage ownership of the Company held by existing shareholders will be reduced and our shareholders may experience significant dilution. In addition, new securities may contain rights, preferences or privileges that are senior to those of our common stock. If additional funds are raised by the issuance of debt or other equity instruments, we may become subject to certain operational limitations (for example, negative operating covenants). There can be no assurance that acceptable financing necessary to further implement our plan of operation can be obtained on suitable terms, if at all. Our ability to develop our business, fund expansion, develop or enhance products or respond to competitive pressures, could suffer if we are unable to raise the additional funds on acceptable terms, which would have the effect of limiting our ability to increase our revenues or possibly attain profitable operations in the future.

WE DEPEND ON KEY EMPLOYEES AND PERSONNEL TO OPERATE OUR BUSINESS, WHICH COULD ADVERSELY AFFECT OUR ABILITY TO OPERATE IF WE ARE UNABLE TO RETAIN OR REPLACE THESE PERSONS.

Our future success is largely dependent upon its existing management team, including Kipton P. Hirschbach, our Chief Executive Officer, and Jim Erickson, our President. The loss of either of these officers or directors through injury, death or termination of employment could result in the investment of significant time and resources for recruiting and replacement. We do not have employment agreements with our executive officers and do not maintain any key man insurance on their lives for our benefit. Additionally, the loss of the services of our executive officers could have a serious and adverse effect on our business, financial condition and results of operations. There is also no assurance that as we grow, the existing team can successfully manage our growth or that we can attract the new talent that will be necessary to run the Company at a high level. Our success will also depend upon our ability to recruit and retain additional qualified senior management personnel. Competition is intense for highly skilled personnel in our industry and, accordingly, no assurance can be given that we will be able to hire or retain sufficient personnel.

WE FACE COMPETITION FROM SEVERAL SOURCES, WHICH MAY MAKE IT MORE DIFFICULT TO INTRODUCE NEW PRODUCTS INTO THE COMMERCIAL LIGHTING MARKET.

The market segments in which the Company competes are rapidly evolving and intensely competitive, and have many competitors in different industries, including both lighting and energy industries. These competitors include market-specific retailers and specialty retailers. Many of the Company's current and potential competitors have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial, marketing and other resources than we have. They may be able to operate with a lower cost structure, and may be able to adopt more aggressive pricing policies. Competitors in both the retail lighting and energy industries also may be able to devote more resources to technology development and marketing than the Company

WE MAY ISSUE ADDITIONAL SHARES OF COMMON STOCK IN THE FUTURE, WHICH COULD CAUSE DILUTION TO ALL SHAREHOLDERS.

We may seek to raise additional equity capital in the future. Any issuance of additional shares of our common stock will dilute the percentage ownership interest of all shareholders and may dilute the book value per share of our common stock.

WE RELY ON THIRD PARTY INDUSTRY VENDORS FOR MANUFACTURING SERVICES AND PROCESSING FACILITIES.

At this time, we depend on Shanghai Gold Lighting Company, Ltd. ("SGLC") headquartered in Shanghai, China for all merchandise, manufacturing and equipment produced and sold by us. Should we cease to do business with our sole manufacturer or should SGLC cease to do business and is unable to provide their services to us, our business may be disrupted because a suitable replacement may be difficult to retain. While we believe that SGLC's facilities have the capacity to meet our current production needs and our current demands, we cannot be certain that these facilities will continue to meet our needs or future demands. In addition, these facilities are subject to certain risks of damage, including fire that would disrupt production of our products. To the extent we are forced to find alternate facilities, it would likely involve delays in manufacturing and potentially significant costs

WE DEPEND ON A LIMITED NUMBER OF CUSTOMERS FOR A SIGNIFICANT PERCENTAGE OF OUR REVENUES, AND ANY LOSS CANCELLATION, REDUCTION OR DELAY IN PURCHASES BY THESE CUSTOMERS COULD HARM OUR BUSINESS.

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A limited number of customers have, historically, consistently accounted for a significant portion of our revenues. For the fiscal year ended December 31, 2007, we had one customer account for 23% of our sales and 38% of our outstanding accounts receivable and as of March 31, 2008, we had two customers who accounted for 61% of sales and 57% of outstanding accounts receivable. For the fiscal year ended December 31, 2006, we had two customers account for 50% of our sales and 58% of our outstanding accounts receivables. Revenues from our major customer may decline or fluctuate significantly in the future. We are attempting to expand our customer base by entering into working agreements with large wholesale distributors and manufacturers. Accordingly, our success will depend on our ability to develop and manage relationships with our distributors and utility companies who market and utilize our ballasts, and we expect that the majority of our revenues will continue to depend on sales of our products to a limited number of customers for the foreseeable future. We may not be able to offset any decline in revenues from our existing major customer with revenues from new customers or other existing customers. Because of our reliance on a limited number of customers, any decrease in revenues from, or loss of, one or more of these customers without a corresponding increase in revenues from other customers would harm our business, operating results and financial condition. In addition, any negative developments in the business of our existing significant customer could result in significantly decreased sales to this customer, which could seriously harm our business, operating results and financial condition.

RISK FACTORS CONCERNING INVESTMENT IN OUR COMPANY:

THERE IS ONLY A LIMITED PUBLIC MARKET FOR OUR SHARES, AND IF AN ACTIVE MARKET DOES NOT DEVELOP, INVESTORS MAY HAVE DIFFICULTY SELLING THEIR SHARES.

There is a limited public market for our common stock. We cannot predict the extent to which investor interest in the Company will lead to the development of an active trading market or how liquid that trading market might become. If a trading market does not develop or is not sustained, it may be difficult for investors to sell shares of our common stock at a price that is attractive. As a result, an investment in our common stock may be illiquid and investors may not be able to liquidate their investment readily or at all when he/she desires to sell.

OUR COMMON STOCK IS DEEMED TO BE "PENNY STOCK," WHICH MAY MAKE IT MORE DIFFICULT FOR INVESTORS TO SELL THEIR SHARES DUE TO SUITABILITY REQUIREMENTS.

The SEC has adopted regulations that define a “penny stock”, generally, to be an equity security that has a market price of less than $5.00 per share or an exercise price of less than $5.00 per share, subject to specific exemptions. The market price of our common stock has been less than $5.00 per share. This designation requires any broker or dealer selling our securities to disclose certain information concerning the transaction, obtain a written agreement from the purchaser and determine that the purchaser is reasonably suitable to purchase the securities. These rules may restrict the ability of brokers or dealers to sell our common stock and may affect the ability of stockholders to sell their shares. In addition, since our common stock is currently quoted on the Pink Sheets, stockholders may find it difficult to obtain accurate quotations of our common stock, may experience a lack of buyers to purchase our shares or a lack of market makers to support the stock price.

FUTURE SALES BY OUR STOCKHOLDERS MAY ADVERSELY AFFECT OUR STOCK PRICE AND OUR ABILITY TO RAISE FUNDS IN NEW STOCK OFFERINGS.

Sales of our common stock in the public market could lower our market price for our common stock. Sales may also make it more difficult for us to sell equity securities or equity-related securities in the future at a time and price that management deems acceptable or at all.

THERE IS LIMITED LIQUIDITY IN OUR SHARES.

Historically, the volume of trading in our common stock has been low. A more active public market for our common stock may not develop or, even if it does in fact develop, may not be sustainable. The market price of our common stock may fluctuate significantly in response to factors, some of which are beyond our control. These factors include:

- the announcement of new products or product enhancements by us or our competitors;
- developments concerning intellectual property rights and regulatory approvals;
- quarterly variations in our results of operations or the results of operations of our competitors;
- developments in our industry; and
- general market conditions and other factors, including factors unrelated to our own operating performance.

Recently, the stock market in general has experienced extreme price and volume fluctuations. Continued market fluctuations could result in extreme volatility in the price of shares of our common stock, which could cause a decline in the value of our shares. Price volatility may be worse if the trading volume of our common stock is low.

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THE CONCENTRATED OWNERSHIP OF OUR CAPITAL STOCK MAY BE AT ODDS WITH YOUR INTERESTS, AND HAVE THE EFFECT OF DELAYING OR PREVENTING A CHANGE IN CONTROL OF OUR COMPANY.

Our common stock ownership is highly concentrated. Our directors, officers, key personnel and their affiliates as a group beneficially own or control the vote of approximately 52% of our outstanding capital stock, and control the Company. They will be able to continue to exercise significant influence over all matters affecting the Company, including the election of directors, formation and execution of business strategy and approval of mergers, acquisitions and other significant corporate transactions, which may have an adverse effect on the stock price. They may have conflicts of interest and interests that are not aligned with yours in all respects. As a result of the concentrated ownership of our stock, a relatively small number of shareholders, acting together, will be able to control all matters requiring shareholder approval. This concentration of ownership may have the effect of delaying, preventing or deterring a change in control of our company. It may affect the market price of our common stock

Item 2. Financial Information.

Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following information should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this Form 10. This discussion contains forward-looking statements about our future expectations and are within the meaning of applicable federal securities laws, and are not guarantees of future performance. When used herein, the words “may,” “should,” “anticipate,” “believe,” “appear,” “intend,” “plan,” “expect,” “estimate,” “approximate” an expressions are intended to identify such forward-looking statements. These statements involve risks and uncertainties inherent in our business, including those set forth under the caption “Risk Factors,” appearing elsewhere in this disclosure statement, and are subject to change at any time. Our actual results could differ materially from these forward-looking statements. We undertake no obligation to update publically any forward-looking statement.

Overview.

We are in the business of developing and marketing energy-saving electronic components for the commercial lighting sector. Our primary products are self-contained electronic, dimming and daylight harvesting, fluorescent ballasts. A “ballast” is an electronic component that regulates voltage in lighting. We develop, test, and patent unique technology to create energy efficient products that meet federal energy code standards and encourage Green initiatives for high-profile companies. Extensive testing is conducted to ensure product reliability and energy-saving properties. We have obtained and own the patent rights for our ballasts’ unique control system and have trademarked our slogan “The Future of Fluorescent Lighting”. UL (Underwriters Laboratory), the lighting industry’s certification authority, has approved our products for use in the United States and Canada.

Our current and primary product is the patented T8 Axis Daylight Harvesting Dimming Ballast. This ballast uses simple technology that transforms the standard ballast, into a dynamic energy saving system that can reduce lighting energy costs by up to 70%. The Axis Ballast utilizes an individual photo sensor to automatically adjust the amount of electrical current flowing to the light fixture and then dims or increases lighting in conjunction with the amount of available sunlight. The Axis Ballast is the only ballast on the market that has automatic dimming controls integrated into each ballast. This feature reduces the costs of acquisition and installation by up to two-thirds over that of competing dimming systems.

We have developed a high-output T5HO ballast that capitalizes on the features of our current T8 Axis Ballast. This ballast is in the process of being submitted to UL for testing and approval.

We plan to introduce a line of dimming and daylight harvesting ballasts that would support and complement T5 lamps. The T5 lamps are used mainly in "high-bay" fixtures which are installed in warehouses, gymnasiums, etc. in conjunction with Skylights. Because skylights are frequently installed in this type of application, the T5 lamp that is provided by Axis would be an applicable choice to serve as an economical dimming ballast.

Our next generation ballast is a wirelessly addressable, load shedding ballast, which offers power companies the ability to reduce the lighting load (load shedding) for their customers during peak demand periods. Most utility companies charge their customers a surcharge or "peak demand" charge during those times of day when the load on the power plants are at the highest. Usually this means the power companies must start up higher cost generators, and/or buy power from the electrical grid at even higher rates. This ballast allows the consumer or the power company to reduce the output of the ballast. The consumer who installs this ballast can agree to participate in the power company's Peak Demand Reduction Program which can offer reduced electric rates. This ballast is being developed through our affiliate membership with the California Lighting Technology Center (CLTC) at the University of California, Davis. Additionally, several utility companies have expressed interest in working with us to complete the development of the load shedding ballasts in order to provide for the installation of the ballasts in their customers' facilities.

The U.S. Government has mandated that power companies nation-wide reduce their greenhouse gas emissions and reduce energy consumption. There are many states that have passed legislation that require lighting controls, and in some cases (California for example), there are requirements that new construction projects and major lighting retrofits incorporate daylight harvesting. These regulations are specific to lighting, and there are many further regulations in place from cities and states, that require government buildings to save a certain amount of all forms of energy by specified dates. We believe that the Axis dimming ballast system can help greatly in achieving these energy-reduction goals.

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Our target market is small to large commercial users of fluorescent lighting including office buildings, wholesale and retail buildings, hospitals, schools and government buildings. In order to achieve our sales goals, we have contracted with sales representatives, electrical distributors, electrical contractors, retrofitters, ESCO's (Energy Service Companies), and OEM's (Original Equipment Manufacturers) to market, distribute and install the Company's products.

Our revenues consist primarily of sales of our T8 fluorescent ballasts to electrical distributors and OEM's for placement in commercial and governmental buildings. Our next generation ballast is expected to be sold primarily to utility companies in addition to our existing customer market.

Recent increases in energy costs have spurred many government agencies and private companies to work towards decreasing their energy consumption. This "green" movement has helped to increase the awareness of our product. Our company is dedicated to helping our nation reduce its energy consumption and greenhouse gas emissions.

Results of Operation

For the Year Ended December 31, 2007:

Consolidated net sales for the years ended December 31, 2007 and 2006 totaled $162,195 and $157,857, respectively. Net sales increased $4,338 or 3%. There was limited growth in 2007 as the Company was focusing its efforts on the integrating our product into utility rebate programs and additional product development. The primary nature of a utility rebate program is through a prescriptive dollar amount, per ballast, given to the end user (building owner) for the purchase of a ballast. An alternative method is a calculated rebate based on the total project cost, and produced energy savings, paid as a lump sum for the project. In some cases, the utility purchases the product, and then supplies it at no cost to the end user. Cost of goods sold for the years ended December 31, 2007 and 2006 was $126,589 and $118,352, respectively. After deducting costs of goods sold, including warehouse salaries and allocated overhead, we finished the year with $35,606 in gross profit, compared to $39,505 for 2006. This decrease in gross profit of $3,899 was primarily related to an isolated warranty claim.

For the year ended December 31, 2007, operating expenses increased $388,670 or 96% to $792,474. The increase in operating expenses is a result of our continued efforts to enhance our current product, develop our next generation products, and in building market awareness of our company and products. Compared to a year ago, we have seen increases in salaries, sales & marketing efforts and professional fees.

For the year ended December 31, 2007, interest expense was $20,845 compared to $74,500 for the prior period. This decrease of $53,655 was primarily the result of paying off some higher interest rate debt early on in 2007.

For the year ended December 31, 2007, the net loss was $775,019 compared to a net loss of $438,799 for the year ended December 31, 2006.

Three-month period from April 1, 2008 to June 30, 2008:

Consolidated net sales for the three months ended June 30, 2008 and 2007 totaled $163,083 and $35,070, respectively, for an increase of $128,013. This increase is due to increased sales to a distributor working with utility companies and their rebate programs. Cost of goods sold for the three months ended June 30, 2008 and 2007 was $150,372 and $27,085, respectively. The increase is primarily due to our increase in sales. After deducting costs of goods sold, including warehouse salaries and allocated overhead, we finished the three months ended June 30, 2008 with $12,711 in gross profit, compared to a gross profit of $7,985 for the three months ended June 30, 2007.

For the three months ended June 30, 2008, operating expenses totaled $218,180 compared to $212,297 for the three months ended June 30, 2007.

For the three months ended June 30, 2008, interest expense was $559,030 compared to $5,043 for the three months ended June 30, 2007. This increase of $553,987 was the result of the Company issuing a convertible note payable. The details of this note are listed below.

For the three months ended June 30, 2008, the net loss was $762,054 compared to a net loss of $207,574 for the three months ended June 30, 2007.

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Six-month period from January 1, 2008 to June 30, 2008:

Consolidated net sales for the six months ended June 30, 2008 and 2007 totaled $285,792 and $42,478, respectively, for an increase of $243,314. This increase is due to increased sales to a distributor working with utility companies and their rebate programs. Cost of goods sold for the six months ended June 30, 2008 and 2007 was $246,741 and $48,302, respectively. The increase is primarily due to our increase in sales. After deducting costs of goods sold, including warehouse salaries and allocated overhead, we finished the six months ended June 30, 2008 with $39,051 in gross profit, compared to a negative gross profit of $5,824 for the six months ended June 30, 2007.

For the six months ended June 30, 2008, operating expenses totaled $364,348 compared to $451,678 for the six months ended June 30, 2007. This decrease was the result of lower salaries paid to employees and lower advertising expenses due to reduced public relations costs.

For the six months ended June 30, 2008, interest expense was $561,950 compared to $12,101 for the six months ended June 30, 2007. This increase of $549,849 was the result of the Company issuing a convertible note payable. The details of this note are listed below.

Assets and Employees; Research and Development

At December 31, 2007 our ballast inventory represents 68% of our assets. Inventory is manufactured in China and is shipped to our warehouse in Lincoln, Nebraska. The time from ordering the product to receipt of the product can exceed 90 days. We are currently working to reduce this turnaround time to 60 days. We maintain our inventory at levels that are deemed reasonable based upon projected sales.

At this time, we do not anticipate purchasing or selling any significant equipment or other assets in the near term. Neither do we anticipate any imminent or significant changes in the number of our employees. We may, however, increase the number of independent sales representatives in the event that we expand into other markets or our current market significantly increases.

We expect that we will invest time, effort, and expense in the continued development and refinement of our current and next generation ballasts, through our relationship with CLTC and the power companies.

Liquidity and Capital Resources; Anticipated Financing Needs

For the Year Ended December 31, 2007:

For the year ended December 31, 2007, we incurred net operating losses aggregating $775,019 which was the result of funding marketing and advertising, business development and other activities as discussed above. We funded these operations primarily through cash of $634,723 received from private placements of our common stock during the year.

Overall, we used $763,382 of cash in operating for the year ended December 31, 2007, compared to $521,215 for the prior year. Cash used in operations for the year ended December 31, 2007 included a net loss of $775,019, which was offset by $3,669 of non-cash expenses for depreciation and amortization. Changes in operating assets and liabilities also offsetting the loss were increases in accounts payable and other accrued expenses of $98,692 and decreases in prepaid expense of $33,489. Other changes in operating assets and liabilities increasing the cash used were an increase in accounts receivable and inventory of $25,218 and $98,995, respectively. Cash used in operations for the year ended December 31, 2006 included a net loss of $438,799 which was increased from a net overall change in operating assets and liabilities totaling $84,670 with an offset of non-cash items totaling $2,254. Cash flows used in investing activities included purchases of equipment of $909 for 2007 compared to $8,005 for 2006. Cash flows from financing activities for the year ended December 31, 2007 was $582,569 compared to $706,276 for the prior year. Cash flows from financing activities for 2007 included issuance of common stock for $634,723 offset by payments on the bank note of $52,154. In 2006, the Company received stock proceeds of $1,015,548 offset by note payments of $309,272.

For the Six Months Ended June 30, 2008

Cash of $335,528 was used in operating activities during the six months ended June 30, 2008, compared to $512,731 in cash used for the six months ended June 30, 2007. Cash provided by operations, for the six months ended June 30, 2008, included a net loss of $884,794, which included $555,865 of non-cash expenses for stock issued for services, depreciation, amortization, share-based compensation, and interest expense related to the issuance of warrants. Changes in operating assets and liabilities contributing to the use of cash primarily included increases in accounts receivable and prepaid expenses of $22,123, and a decrease in accounts payable and accrued salary to officers/stockholders of $18,212, while an increase in other accrued expenses of $184 and a decrease in inventory and inventory deposits of $33,552 offset the loss from operations. Cash used in operations for the six months ended June 30, 2007 included a net loss of $467,556 in addition to an overall net decrease in operating assets and liabilities which totaled $46,690.

Cash flows used in investing activities for the six months ended June 30, 2008 totaled $1,094, compared to $908 used for the six months ended June 30, 2007. Cash flows from financing activities for the six months ended June 30, 2008 included debt issuance costs incurred of $203,572 and payments on the bank note of $195,074, offset by cash proceeds from debt issuance of $1,218,000. Cash flows from financing activities for the six months ended June 30, 2007 included the issuance of common stock for $435,135 offset by payments on the bank note of $51,990. The Company's cash balance as of June 30, 2008 is $497,260.

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On April 25, 2008, the Company issued a convertible debt instrument generating net cash proceeds of $1,218,000 for working capital purposes and to pay off the Company's bank note which was due on June 10, 2008. The convertible note payable is a 10% Senior Secured Convertible Promissory Note in the principal amount of $1,388,889. The face amount of the note of $1,388,889 was reduced by an original issue discount of $138,889 and other issuance costs of $32,000 to arrive at net proceeds of $1,218,000. The note has a maturity date of April 25, 2010 and is secured by all assets of the Company. The note accrues interest at a rate of 10% per annum, and such interest is payable on a quarterly basis commencing July 26, 2008, with the principal balance of the Note, together with any accrued and unpaid interest thereon, due in twelve monthly installments beginning May 1, 2009. The note is convertible at the option of the holder at any time into shares of the Company's common stock at an initial conversion price of $0.26 per share.

Under the terms of the Note and as additional consideration for the loan, the Company issued a five-year warrant to purchase up to 5,341,880 shares of its common stock at an exercise price of $0.26 per share which was deemed to have a fair market value of $861,778. As a result of the warrant being issued with the Note, a beneficial conversion feature was determined to be embedded in the Note. The Company calculated the intrinsic value of the beneficial conversion feature and as it exceeded the fair value allocated to the Note, the amount of the beneficial conversion feature to be recorded was limited to the proceeds allocated to the Note. Accordingly, the beneficial conversion feature was calculated to be $388,222 and was recorded as an additional discount on the Note. Since the Note was convertible on the issuance date, the entire beneficial conversion feature cost was charged to interest expense immediately.

Non-cash interest expense for the six months ended June 30, 2008 of $531,145 is attributable to the immediate amortization of the beneficial conversion feature and the amortization of debt issuance costs and warrant discounts.

In addition to the net proceeds of $1,218,000 received from the convertible debt issuance on April 25, 2008 and anticipated revenue increases from the sale of our current ballasts, we expect to seek additional capital funding in the amount of approximately $500,000 for the final development and introduction of our next generation ballast, as well as for the purchase of adequate inventory. Assuming that we successfully obtain additional funding, we believe that such funding will be sufficient to finance our operations through December 31, 2009. Thereafter, we believe that revenues from our current and next generation products will be sufficient to fund operations.

Additional financing may not be available on terms favorable to us, especially in light of current debt and equity markets. If additional funds are raised by the issuance of our equity securities, such as through the issuance and/or exercise of common stock warrants, then existing stockholders will experience dilution of their ownership interest. If additional funds are raised by the issuance of debt or other types of (typically preferred) equity instruments, then we may be subject to certain limitations in our operations, and issuance of such securities may have rights senior to those of the then existing holders of our common stock. If adequate funds are not available or not available on acceptable terms, we may be unable to fund expansion, develop or enhance products or respond to competitive pressures.

Item 3. Properties.

The Company currently has one (1) office located in Lincoln NE. The address is as follows:

2055 South Folsom
Lincoln, NE 68522

On March 1, 2003, the Company leased the office warehouse location, comprised of approximately 2,800 square feet of space which is held under a 36 month lease at a rate of approximately $1,300 per month (with payments started in March 2003). The Company currently leases this office warehouse location on a month-to-month basis at a current rate of $1,302 per month. The Company uses 1,000 square feet as their corporate office and 1,800 square feet of warehouse with additional square footage as needed. The Company believes that these properties are adequate for its corporate office and operational needs at this time.

Item 4. Security Ownership of Certain Beneficial Owners and Management.

The following table shows the beneficial ownership of our common stock as of September 11, 2008. The table shows the amount of shares owned by:

(1) each person known to us who owns beneficially more than five percent of the outstanding shares of any class of the Company's stock, based on the number of shares outstanding as of September 11, 2008;

(2) each of the Company's Directors and Executive Officers; and

(3) all of its Directors and Executive Officers as a group.

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The percentage of shares owned is based on 62,267,767 shares being outstanding as of September 11, 2008. Where the beneficially owned shares of any individual or group in the following table includes any options, warrants, or other rights to purchase shares in the Company's stock, the percentage of shares owned includes such shares as if the right to purchase had been duly exercised.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common	Kipton P. Hirschbach Director/CEO 2055 South Folsom Lincoln, NE 68522	10,663,507	17.12%
Common	Jim Erickson Director/President/Principal Financial Officer 2055 South Folsom Lincoln, NE 68522	10,663,507	17.12%
Common	John F. Hanson Director 3410 N. 140th Street Omaha, NE 68154	10,663,507	17.12%
Common	David P. Petersen Director 17162 O Street Omaha, NE 68135-1423	131,091(1)	0.21%
Common	All Directors and Officers as a Group (a total of 4)	32,121,612	51.58%
Common	Mark B. Gruenewald 4215 So. 147th Plaza, #102 Omaha, NE 68137	10,663,507	17.12%

(1) Includes 60,000 shares due MPC Capital Funding, Inc. in which Mr. Petersen has shared voting and investment power, which have not yet been issued.

Item 5. Directors and Executive Officers.

The following table sets forth the names, ages, and positions of our current directors and executive officers. Our Board of Directors elects our executive officers annually. Our directors serve one-year terms or until their successors are elected, qualified and accept their positions. The executive officers serve terms of one year or until their death, resignation or removal by the Board of Directors. There are no family relationships or understandings between any of the directors and executive officers. In addition, there was no arrangement or understanding between any executive officer and any other person pursuant to which any person was selected as an executive officer.

Name	Age	Position
Kipton P. Hirschbach	63	Director, Chief Executive Officer
Jim Erickson	44	Director, President, Principal Financial Officer
John F. Hanson	45	Director
David P. Petersen	51	Director

Mr. Kipton P. Hirschbach serves and has served as the CEO, Secretary/Treasurer and director of Axis Technologies, Inc. since February 2003 and of Axis Technologies Group, Inc. since October 2006. Prior to joining Axis, Mr. Hirschbach was operations and later general manager of Gillette Dairy, Inc., a manufacturer of dairy products, for approximately 23 years. Mr. Hirschbach is knowledgeable of manufacturing, sales, warehousing, and distribution where he has experience in commercial and industrial processes, and energy saving measures. Mr. Hirschbach is a graduate of the University of Nebraska with a Chemistry major.

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Mr. Jim Erickson serves as the Company's Director, President and Principal Financial Officer. Mr. Erickson has served as President and Director for Axis Technologies, Inc. since February 2003 and as President and Director for Axis Technologies Group, Inc. since October 2006. Mr. Erickson is a 15-year veteran of the automotive industry, where he served in roles of sales, finance and insurance. Prior to joining Axis Technologies, Inc. in February of 2003, for approximately one year, Mr. Erickson served as an administrator of an electronic ballast company, where he gained knowledge of the lighting industry, especially in the energy saving arena.

Mr. John F. Hanson has served as a Director for Axis Technologies, Inc. since February 2003 and as a Director for Axis Technologies Group, Inc. since October 2006. Since 2001, Mr. Hanson has been President of Venture Capital, Inc. Since 2007, Mr. Hanson has been President of Parliament Pub, LLC, which is an up-scale cocktail lounge. From 1988 to 2001, Mr. Hanson was President and CEO for U Save Foods, Inc. which had over $200 million in revenue and over 2,000 employees.

Mr. David P. Petersen has served as a Director for Axis Technologies Group, Inc. since October 2006. Since 2003, Mr. Petersen has served as the President of MPC Capital Funding Inc. and is also a fifty (50%) percent shareholder in this entity. MPC Capital is a wholly-owned subsidiary of Merit Media, Inc., a Nebraska Corporation, an advertising company. Mr. Petersen is responsible for all financial aspects of the companies as well as providing assistance in financing, business and marketing plan development, and implementation.

Our Board of Directors does not currently have an Audit Committee, Nominating Committee or Compensation Committee.

Director Independence

The board of directors determines the independence of each director in accordance with guidelines it has adopted, which include all elements of independence set forth in applicable NASDAQ Marketplace Rules.

Based on these standards, the board determined that Mr. Hanson and Mr. Petersen are the only independent member of the Board of Directors.

Family Relationships

There are no family relationships amongst our directors and officers.

Legal and Disciplinary History

None of our officers, directors or control persons have been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

Item 6. Executive Compensation.

COMPENSATION DISCUSSION AND ANALYSIS

Objectives and Philosophy of our Executive Compensation Program

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We do not have a standing compensation committee. Our board of directors as a whole makes the decisions as to employee benefit programs and officer and employee compensation. The primary objectives of our executive compensation programs are to:

- attract, retain and motivate skilled and knowledgeable individuals;
- ensure that compensation is aligned with our corporate strategies and business objectives;
- promote the achievement of key strategic and financial performance measures by linking short-term and long-term cash and equity incentives to the achievement of measurable corporate and individual performance goals; and
- align executives' incentives with the creation of stockholder value.

To achieve these objectives, our board of directors evaluates our executive compensation program with the objective of setting compensation at levels they believe will allow us to attract and retain qualified executives. In addition, a portion of each executive's overall compensation is tied to key strategic, financial and operational goals set by our board of directors.

Named Executive Officers

The following table identifies our principal executive officer, our principal financial officer and our most highly paid executive officers, who, for purposes of this Compensation Disclosure and Analysis only, are referred to herein as the "named executive officers."

Name	Corporate Office
Kipton P. Hirschbach	Chief Executive Officer
James Erickson	President and Principal Financial Officer

Components of Our Executive Compensation Program

At this time, the primary elements of our executive compensation program are base salaries, although the board of directors has the authority to award cash bonuses, benefits and other forms of compensation as it sees fit.

We do not have any formal or informal policy or target for allocating compensation between short-term and long-term compensation, between cash and non-cash compensation or among the different forms of non-cash compensation. Instead, we have determined subjectively on a case-by-case basis the appropriate level and mix of the various compensation components. Similarly, we do not rely on benchmarking against our competitors in making compensation related decisions.

Equity Awards

We currently do not have an employee stock option plan. However, we may elect to create an employee stock option plan in the future.

Base Salaries

Base salaries are used to recognize the experience, skills, knowledge and responsibilities required of our named executive officers. Base salary, and other components of compensation, may be evaluated by our board of directors for adjustment based on an assessment of the individual's performance and compensation trends in our industry.

Cash Bonuses

Our board of directors has the discretion to award cash bonuses based on our financial performance and individual objectives. The corporate financial performance measures (revenues and profits) will be given the greatest weight in this bonus analysis. We have not yet granted any cash bonuses to any named executive officer nor have we yet developed any specific individual objectives while we wait to attain revenue and profitability levels sufficient to undertake any such bonuses.

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Benefits and Other Compensation

Our named executive officers are not currently receiving any health care, disability insurance, bonus or other employee benefits plans. As of the date of this Registration Statement, we have not implemented any such employee benefit plans. Mr. Hirschbach's and Mr. Erickson's health care costs are not paid by the Company.

CURRENT LEVELS OF EXECUTIVE COMPENSATION

Summary Annual Salary

As discussed above, we have agreed to pay Messrs. Hirschbach and Erickson an annual salary. Base salary may be increased from time to time with the approval of the board of directors. The following table summarizes the agreed annual salary of each of the named executive officers.

Name	Annual Salary
Kipton P. Hirschbach	$ 131,250.00
James Erickson	$ 131,250.00

SUMMARY COMPENSATION TABLE

The following information is provided concerning the compensation of the named executive officers for the last two fiscal years ended December 31, 2007 and December 31, 2006:

Name and Principal Position	Year	Salary $	Bonus $	Stock Awards $	Option Awards $	Non-Equity Incentive Plan Compensation $	Change in Pension Value and Nonqualified Deferred Compensation Earnings $	All other Compensation $	Total $
Kipton P. Hirschbach (1)	2007	$ 131,250	0	0	0	0	0	0	$ 131,250
CEO/Director	2006	$ 100,000	0	0	0	0	0	0	$ 100,000
James A. Erickson (2)	2007	$ 131,250	0	0	0	0	0	0	$ 131,250
President/Director	2006	$ 100,000	0	0	0	0	0	0	$ 100,000

(1) Prior to January 1, 2007, Mr. Hirschbach elected to defer a certain portion of his salary due to limited operating funds. The total balance of this deferred compensation owed as of December 31, 2006 is $209,159 This amount is non-interest bearing and will be paid to Mr. Hirschbach as excess operating cash flows become available in the future. In addition, during 2007, Mr. Hirschbach was owed $3,459 for unreimbursed business expenses, which have since been paid.

(2) Prior to January 1, 2007, Mr. Erickson elected to defer a certain portion of his salary due to limited operating funds. The total balance of this deferred compensation owed as of December 31, 2006 is $180,862. This amount is non-interest bearing and will be paid to Mr. Erickson as excess operating cash flows become available in the future.

Outstanding Equity Awards at Fiscal Year End

We have not issued any stock options, warrants, or any equity based awards to any of our directors.

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Compensation of Directors

We do not compensate directors for their services at the present time. Therefore, Mr. David Petersen did not receive any compensation for his service on our board of directors, and we have not provided any compensation to any member of our Board of Directors for the latest fiscal year ended December 31, 2007.

Item 7. Certain Relationships and Related Transactions.

Except as set forth below, none of the following persons has any direct or indirect material interest in any transaction to which we were or are a party since the beginning of our last fiscal year and the preceding fiscal year, or in any proposed transaction to which we propose to be a party:

(A) any of our directors or executive officers;

(B) any nominee for election as one of our directors;

(C) any person who is known by us to beneficially own, directly or indirectly, shares carrying more than 5% of the voting rights attached to our common stock; or

(D) any member of the immediate family (including spouse, parents, children, siblings and in-laws) of any of the foregoing persons named in paragraph (A), (B) or (C) above.

MPC Capital Funding, Inc. in which David Petersen, one of our Directors, owns a 50% interest, received $33,000 and is entitled to receive 60,000 shares of our restricted common stock (valued at $22,200) as compensation for introducing Gemini Master Fund, Ltd. to us and for assisting in the negotiation and completion of the financing transaction which resulted in the issuance of our Convertible Note in April, 2008, to Gemini Master Fund, Ltd. We intend to issue these shares prior to the end of our current fiscal year. In addition, MPC Capital received $30,750 as a fee in connection with the issuance of our restricted common stock in November and December, 2006.

Our Board of Directors has adopted a policy that our business affairs will be conducted in all respects by standards applicable to publicly held corporations and that we will not enter into any future transactions between us and our officers, directors and 5% shareholders unless the terms are no less favorable than could be obtained from independent, third parties and will be approved by a majority of our independent and/or disinterested directors. In our view, any of the transactions that we enter into, if any, will meet this standard.

Item 8. Legal Proceedings.

The Company is not a party to any material legal proceedings and, to the Company's knowledge, no such proceedings are threatened or contemplated by any party. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our company’s or our company’s subsidiaries’ officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

Item 9. Market Price of and Dividends on the Registrant’s Common Equity and Related Stockholder Matters.

Our common stock is currently quoted on the Pink Sheets Electronic Interdealer Quotation and Trading System under the symbol “AXTG.”

For the periods indicated, the following table sets forth the high and low bid prices per share of common stock, as reported by www.pinksheets.com. These prices represent inter-dealer quotations without retail markup, markdown, or commission and may not necessarily represent actual transactions.

Periods	High	Low
Fiscal Year 2006 (1)		
Fourth Quarter (October - December 2006)	$ 0.70	$ 3.47
Fiscal Year 2007		
First Quarter (January - March 2007)	$ 2.39	$ 0.88
Second Quarter (April - June 2007)	$ 1.03	$ 0.43
Third Quarter (July - September 2007)	$ 1.44	$ 0.41
Fourth Quarter (October - December 2007)	$ 1.39	$ 0.42
Fiscal Year 2008		
First Quarter (January - March 2008)	$ 0.53	$ 0.28
Second Quarter (April-June 2008)	$ 0.76	$ 0.31
Third Quarter (July – September 2008)	$ 0.65	$ 0.45

(1) All figures shown reflect post reverse split (1 for 1,000) which occurred on October 2, 2006.

On September 30, 2008, the closing price of our common stock was $ 0.54.

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Holders of Record

As of September 11, 2008 we had approximately 94 holders of record of our common stock. The number of record holders was determined from the records of our transfer agent and does not include beneficial owners of common stock whose shares are held in the names of various security brokers, dealers, and registered clearing agencies.

We presently have approximately 47,000,000 shares of our common stock which are restricted securities. Of this amount, approximately 4,000,000 shares are subject to resale under Rule 144. Messrs. Erickson, Hirschbach and Hanson (three of our directors) who, in the aggregate, own 31,990,521 shares of our common stock, have agreed with us, pursuant to a Lock-Up Agreement, not to sell any of their shares before July 25, 2009.

Item 10. Recent Sales of Unregistered Securities.

1. On April 25, 2008 the Company issued a 10% Senior Secured Convertible Note (the “Convertible Note”) in the principal amount of $1,388,888.89, to Gemini Master Fund, Ltd, an accredited investor. The Convertible Note is convertible at the option of the holder at any time into shares of the Company’s common stock at an initial conversion price of $0.26 per share. The Convertible Note can be converted into a maximum of 4.9% of the Company’s outstanding common stock as of the date of a conversion. This issuance was completed in accordance with Section 4(2) of the Securities Act, as amended (the “Act”), in an offering without any public offering, advertising or general solicitation. The Convertible Note bears an appropriate restrictive legend. The Company paid $173,000 in cash and agreed to issue 240,000 shares of restricted common stock valued at $64,900 for placement fees. As of April 25, 2008, 50,000 of these restricted shares have been issued and the remaining 190,000 shares have not yet been issued.

2. In connection with the issuance of the Convertible Note, on April 25, 2008, the Company issued warrants to Gemini Master Fund, Ltd. to purchase 5,341,880 shares of its common stock at an exercise price of $0.26 per share. The right to exercise the warrants will terminate on April 25, 2013. The warrants can be converted into a maximum of 4.9% of the Company’s outstanding common stock as of the date on which the warrant is exercised. This issuance was completed in accordance with Section 4(2) of the Act in an offering without any public offering, advertising or general solicitation. The warrant bears an appropriate restrictive legend.

3. On March 7, 2008, the Company issued 60,000 shares of restricted common stock at $0.31 per share for a total value of $18,600 as compensation for public and investor relations. This issuance was completed in accordance with Section 4(2) of the Act in an offering without any public offering, advertising or general solicitation. These shares are restricted securities and include an appropriate restrictive legend.

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4. On March 7, 2008, the Company issued 20,000 shares of restricted common stock at $0.31 per share to each of three (3) employees for a total value of $6,200 to each employee. This issuance was completed in accordance with Section 4(2) of the Act in an offering without any public offering, advertising or general solicitation. These shares are restricted securities and include an appropriate restrictive legend.

5. From March 2007 to December 2007, the Company issued 758,675 shares of restricted common stock to nineteen (19) accredited investors at a price of $0.50 per share in connection with a private offering. This issuance was completed in accordance with Section 4(2) of the Act in an offering without any public offering, advertising or general solicitation. These shares are restricted securities and include an appropriate restrictive legend. The Company paid $37,614 in finder's fees to third parties.

6. From November 2006 through January 2007, the Company sold 1,025,000 shares of restricted common stock to an accredited investor at a price of $1.00 per share in connection with a private offering. This issuance was completed in accordance with Section 4(2) of the Act in an offering without any public offering, advertising or general solicitation. These shares are restricted securities and include an appropriate restrictive legend. The Company paid $61,500 in finder's fees and issued 60,000 shares of its restricted common stock valued at $18,600 on March 7, 2008, in connection with this transaction.

7. In October 2006, the Company issued 45,000,000 shares of restricted common stock in exchange for all of the issued and outstanding shares of common stock of Axis Technologies, Inc. Axis Technologies, Inc. had a total of six (6) shareholders, each of whom exchanged all of their ownership interest in Axis Technologies, Inc. This issuance was completed in accordance with Section 4(2) of the Act in an offering without any public offering, advertising or general solicitation. These shares are restricted securities and include an appropriate restrictive legend.

8. In September 2006, the Company sold 15,000,000 shares of its common stock to accredited investors at a price of $0.02 per share. This issuance was completed in accordance with Rule 504 of Regulation D promulgated under the Act.

Item 11. Description of Registrant's Securities to be Registered.

The following is a description of certain provisions relating to our capital stock. For additional information regarding our stock, please refer to our Articles of Incorporation, as amended, and Bylaws, which have been previously filed with the SEC.

General

Our authorized capital stock consists of 500,000,000 shares of common stock, par value $0.001 per share.

Common Stock

The Company is authorized to issue 500,000,000 shares of common stock, $0.001 par value. As of September 11, 2008, there were 62,267,767 shares of common stock issued and outstanding. Holders of shares of common stock are entitled to one vote per share on all matters to be voted upon by the shareholders. The approval of proposals submitted to shareholders at a meeting other than for the election of directors requires the favorable vote of a majority of the shares voting, except in the case of certain fundamental matters (such as certain amendments to the Articles of Incorporation, and certain mergers and reorganizations). Shareholders are entitled to receive such dividends as may be declared from time to time by the Board of Directors out of funds legally available therefore, and in the event of liquidation, dissolution or winding up of the Company, to share ratably in all assets remaining after payment of the liquidation preference on the then outstanding preferred stock, if any, and liabilities. The holders of shares of

Common Stock have no preemptive, conversion or subscription rights. All shares of common stock issued upon the exercise of any warrants to purchase common stock, shall be, when issued, fully paid and non-assessable. The Common Stock is not subject to redemption and carries no subscription or conversion rights. In the event of our liquidation, the shares of common stock are entitled to share equally in corporate assets after satisfaction of all liabilities and the payment of any liquidation preferences.

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Preferred Stock

Our Articles of Incorporation, as amended, do not provide for the issuance of Preferred Stock. There are presently no shares of preferred stock outstanding.

Anti-Takeover Provisions

Our Certificate of Incorporation, as amended, imposes a 2/3 voting requirement by the shareholders of all outstanding capital stock of the Company for the adoption or amendment of our Bylaws or Certificate of Incorporation , which may create some uncertainty to the execution of decisions that are pertinent to the management of our business and affairs. In addition, we do not have the right to act by written consent. Our Certificate of Correction also provides for a staggered Board of Directors which is comprised of three classes of directors and provides for a term of three years for each class of director.

Our 2/3 voting requirement by our shareholders and our staggered Board of Directors could have the effect of diminishing the likelihood of, and to protect our shareholders against, an undesired, external takeover.

Convertible Note and Warrant

On April 25, 2008, we executed a 10% Senior Secured Convertible Note in the principal amount of $1,388,888.89 to Gemini Master Fund, Ltd. (the "Convertible Note") At the option of the Holder, the Convertible Note is convertible into shares of our common stock at a price per share of $0.26 at any time before the maturity of the Convertible Note. The Convertible Note can be converted into a maximum of 4.9% of the Company's outstanding common stock as of the date of the conversion. The Convertible Note will mature two years from the date of issuance and will accrue interest payable, in cash, quarterly in arrears at the rate of 10% per annum. At the closing on April 25, 2008, we executed both a Security Agreement and Intellectual Property Security Agreement. Under both of these Security Agreements, the Convertible Note is collateralized by security interests in the Company's assets, including, without limitation, the Company's intellectual property, machinery, equipment, and accounts. In addition, Kip Hirschbach, Jim Erickson and John Hanson entered into a Lock-Up Agreement with the Company whereby they each agreed that for a period of 15 months after the execution of the Convertible Note that they would not offer, pledge, sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock of the Company.

In connection with the issuance of the Convertible Note, on April 25, 2008, we issued warrants to Gemini Master Fund, Ltd. to purchase 5,341,880 shares of our common stock at an exercise price of $0.26 per share. The right to exercise the warrants will terminate on April 25, 2013. The number of warrants that can be exercised cannot exceed 4.9% of our outstanding common stock as of the date on which the warrants are exercised. Additionally, we may be obligated to issue another 373,932 warrants at an exercise price of $0.26 per share if the underlying Convertible Note is converted by the holder.

Dividend Policy

The holders of the common stock are entitled to receive ratably such dividends, if any, as may be declared by the Board of Directors out of legally available funds. We have not issued any dividends on our common stock to date, and do not intend to issue any dividends on our common stock in the near future. We currently intend to retain earnings, if any, to further the growth and development of the Company.

Therefore, prospective investors who anticipate the need for immediate income by way of cash dividends from their investment should not purchase our Shares of common stock.

Reports to Stockholders

We intend to comply with the periodic reporting requirements of the Securities Exchange Act of 1934, as amended. We plan to furnish our stockholders with an annual report for the fiscal year ended December 31, 2007 containing financial statements audited by our independent certified public accountants. The SEC maintains an Internet site at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The public may also read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 (call 1-800-SEC-0330 for information).

Transfer Agent

The transfer agent and registrar for our Common Stock is:

Holladay Stock Transfer, Inc.
2939 N. 67th Place
Scottsdale, AZ 85251
480-481-3940

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Item 12. Indemnification of Directors and Officers.

The Delaware General Corporation Law provides that we will indemnify our directors and officers if they are a party to any civil or criminal action. This may discourage claimants from making claims against the directors and officers even if the claims have merit. The cost of indemnification could be high.

Item 13. Financial Statements and Supplementary Data.

See "Item 15 – Financial Statements and Exhibits" for our consolidated financial statements, the notes thereto as part of this Filing.

Item 14. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

We have had no changes in or disagreements with our accountants on accounting and financial disclosure.

Item 15. Financial Statements and Exhibits.

(a) Please see the following financial statements set forth below beginning on page F-1:

AXIS TECHNOLOGIES GROUP, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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(b) Exhibits.

The following is a list of exhibits filed as part of this registration statement.

Exhibit Number	Description
3.1	Articles of Incorporation of Axis Technologies Group, Inc.(1)
3.1(a)	Certificate of Amendment of Articles of Incorporation, dated September 19, 2006(2)
3.2	Bylaws of Axis Technologies Group, Inc. (1)
4.1	Securities Purchase Agreement dated April 25, 2008 with Gemini Master Fund, Ltd. (1)
4.2	10% Senior Secured Convertible Note dated April 25, 2008 with Gemini Master Fund, Ltd. (1)
4.3	Common Stock Purchase Warrant dated April 25, 2008 with Gemini Master Fund, Ltd. (1)
10.1	Security Agreement dated April 25, 2008 with Gemini Master Fund, Ltd. (1)
10.2	Intellectual Property Security Agreement dated April 25, 2008 by and between Axis Technologies, Inc. and Gemini Master Fund, Ltd. (1)
10.3	Guarantee Agreement dated April 25, 2008 by Axis Technologies, Inc., as Guarantor, in favor of Gemini Master Fund, Ltd. (1)
10.4	Co-Exclusive License Agreement for Simplified Daylight Harvesting Technology dated January 1, 2008 with The Regents of the University of California, a California Corporation(1)
10.5	Manufacturing Agreement with Shanghai Lighting and Gold, Inc. dated August 22, 2003 (1)
10.6	United States Patent (No. U.S. 6,969,955) for a “Method and Apparatus for Dimming Control of Electronic Ballasts” dated November 29, 2005(1)
10.7	United States Trademark (Reg No. 3,001,445) for “The Future of Fluorescent Lighting” dated September 27, 2005(1)
10.8	Form of Lock-Up Agreement(1)
10.9	Fluorescent Lamp Ballast: First Quarter 2006(2)
10.10	Letter of Understanding with Merritt Media, Inc., dated March 16, 2005(2)
21	List of Subsidiaries (1)

(1) Previously filed with our Registration Statement on Form 10, dated July 24, 2008
(2) Filed herewith

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

AXIS TECHNOLOGIES GROUP, INC.
(Registrant)

Date: October 8, 2008

/s/ Kipton P. Hirschbach
Kipton P. Hirschbach
Chief Executive Officer

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AXIS TECHNOLOGIES GROUP, INC.

Consolidated Financial Statements

December 31, 2007 and 2006

AXIS TECHNOLOGIES GROUP, INC.

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December 31, 2007 and 2006

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Axis Technologies Group, Inc.

We have audited the accompanying consolidated balance sheets of Axis Technologies Group, Inc. (the "Company") as of December 31, 2007 and 2006, and the related consolidated statements of operations, stockholders' deficit and cash flows for the years then ended. 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.

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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. 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 Axis Technologies Group, Inc. and its subsidiary as of December 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Carver Moquist & O'Conner, LLC

Minneapolis, Minnesota
July 11, 2008

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Axis Technologies Group, Inc.
Consolidated Balance Sheets
December 31, 2007 and 2006

ASSETS

	2007	2006
CURRENT ASSETS		
Cash	$ 14,528	$ 196,250
Accounts receivable	39,316	14,098
Inventory	327,559	270,952
Inventory deposit	74,000	31,612
Prepaid expenses	2,629	36,118
Total Current Assets	458,032	549,030
PROPERTY AND EQUIPMENT		
Property and equipment	17,093	16,184
Less: accumulated depreciation	(9,933)	(7,116)
Net Property and Equipment	7,160	9,068
OTHER ASSETS		
Patents, net of accumulated amortization of $1,775 and $923, respectively	15,262	16,114
Total Other Assets	15,262	16,114
TOTAL ASSETS	$ 480,454	$ 574,212

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

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Axis Technologies Group, Inc.
Consolidated Balance Sheets
December 31, 2007 and 2006

LIABILITIES AND STOCKHOLDERS' DEFICIT

	2007	2006
CURRENT LIABILITIES		
Accounts payable	$ 49,003	$ 24,007
Accrued expenses	70,338	-
Note payable – bank	195,074	