

AXIM BIOTECHNOLOGIES, INC.
Form 10-Q
November 23, 2015

FORM 10-Q

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the quarterly period ended September 30, 2015

OR

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

For the transition period from _____ to _____

Commission file number 000-54296

AXIM Biotechnologies, Inc.
(Exact name of registrant as specified in its charter)

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

18 E 50th St 5th Floor, New York, NY 10022
(Address of principal executive offices)

(212) 751-0001
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes

Indicate by check mark whether registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes

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

L a r g e Accelerated Non-accelerated S m a l l e r
accelerated filer filer r e p o r t i n g
filer (Do not check if company
a s m a l l e r
r e p o r t i n g
company)

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

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

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date: 39,489,706 shares of common stock, par value \$0.0001 per share, outstanding as of November 16, 2015.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

| AXIM BIOTECHNOLOGIES, INC. | |
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(unaudited).

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(unaudited).

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| AXIM BIOTECHNOLOGIES, INC. | | |
|---|---------------------|-------------------|
| (Formerly AXIM International, Inc.) | | |
| Condensed Consolidated Balance Sheets | | |
| | September 30, | December 31, |
| | 2015 | 2014 |
| | (unaudited) | |
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 43,260 | \$ 661,128 |
| Inventory | 235,000 | - |
| Reservation fee deposit | 65,170 | - |
| Prepaid expenses | 1,397,439 | 72,329 |
| Loan receivable | 5,000 | 5,000 |
| Total current assets | 1,745,869 | 738,457 |
| Property & Equipment, net of accumulated depreciation of \$840. | 15,961 | - |
| Other Assets: | | |
| Acquired intangible asset - intellectual property licensing agreement | 63,167 | - |
| Total other assets | 63,167 | - |
| TOTAL ASSETS | \$ 1,824,997 | \$ 738,457 |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 521,938 | \$ 144,385 |
| Due to shareholder | 5,000 | 5,000 |
| Convertible loan | 50,000 | 50,000 |
| Due to first insurance funding | 45,630 | 54,020 |
| Due to related party | 565,083 | 65,775 |
| Promissory note - related party | 1,000,000 | 1,000,000 |
| Total current liabilities | 2,187,651 | 1,319,180 |
| Long-term liabilities: | | |

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| | | |
|--|---------------------|------------------|
| Convertible note payable | 400,000 | - |
| Total long-term liabilities | 400,000 | - |
| TOTAL LIABILITIES | 2,587,651 | 1,319,180 |
| STOCKHOLDERS' DEFICIT | | |
| Preferred stock, \$0.0001 par value, 5,000,000 shares authorized; | | |
| 1,000,000 issued and outstanding | 100 | 100 |
| Common stock, \$0.0001 par value, 300,000,000 shares authorized | | |
| 39,364,706 and 33,000,000 shares issued and outstanding, respectively; | 3,936 | 3,300 |
| Additional paid in capital | 3,619,467 | 107,841 |
| Common stock to be issued | 77,125 | - |
| Accumulated deficit | (4,463,282) | (691,964) |
| TOTAL STOCKHOLDERS' DEFICIT | (762,654) | (580,723) |
| TOTAL LIABILITIES AND \$ STOCKHOLDERS' DEFICIT | 1,824,997 \$ | 738,457 |

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

| AXIM BIOTECHNOLOGIES, INC. | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| (Formerly AXIM International, Inc.) | | | | |
| Condensed Consolidated Statement of Operations | | | | |
| (unaudited) | | | | |
| | For the | For the | For the | For the |
| | Three Months ended | Three Months ended | Nine Months ended | Nine Months ended |
| | September 30, 2015 | September 30, 2014 | September 30, 2015 | September 30, 2014 |
| Revenues \$ | 21,610\$ | -\$ | 33,722\$ | - |
| Cost of goods sold | 32,830 | - | 32,830 | - |
| Gross profit | (11,220) | - | 892 | - |
| Expenses: | | | | |
| Research and development expenses | 133,087 | - | 507,014 | - |
| Operating expenses | 1,546,976 | 127,943 | 3,234,479 | 135,633 |
| Total operating expenses | 1,680,063 | 127,943 | 3,741,493 | 135,633 |
| Loss from operations | (1,691,283) | (127,943) | (3,740,601) | (135,633) |
| Other Income and Expense: | | | | |
| Interest expense | 12,401 | 10,804 | 30,717 | 10,804 |
| | 12,401 | 10,804 | 30,717 | 10,804 |
| Loss from Continuing operation before provision of income tax | (1,703,684) | (138,747) | (3,771,318) | (146,437) |
| | - | - | - | - |

| | | | | |
|--|------------------|-------------|---------------|------------|
| Provision for income tax | | | | |
| LOSS FROM CONTINUING OPERATION | (1,703,684) | (138,747) | (3,771,318) | (146,437) |
| LOSS FROM DISCONTINUED OPERATION | - | - | - | (44,696) |
| NET LOSS | \$ (1,703,684)\$ | (138,747)\$ | (3,771,318)\$ | (191,133) |
| Loss per common share from continuing operation- basic and diluted | \$ (0.04)\$ | (0.00)\$ | (0.10)\$ | (0.00) |
| Loss per common share from discontinued operation- basic and diluted | \$ 0.00\$ | 0.00\$ | 0.00\$ | (0.00) |
| Loss per common share - basic and diluted | \$ (0.04)\$ | (0.00)\$ | (0.10)\$ | (0.01) |
| Weighted average common shares outstanding - basic and diluted | 39,417,206 | 33,000,000 | 36,244,853 | 33,000,000 |

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

AXIM BIOTECHNOLOGIES, INC.
(Formerly AXIM International, Inc.)
Condensed Consolidated Statement of Stockholders' Deficit
(unaudited)

| | Common Stock | | Preferred Stock | | Common | Additional | Accumulated | Total |
|---|---------------|--------|-----------------|--------|--------------------|--------------|----------------|-------------|
| | Shares | Amount | Shares | Amount | Stock to be Issued | | | |
| Balance at December 31, 2014 | 33,000,000 \$ | 3,300 | 1,000,000 \$ | 100 \$ | - | 107,841 \$ | (691,964) \$ | (580,000) |
| Common stock issued for consulting services | 18,000 | 2 | - | - | - | 35,998 | - | 36,000 |
| Common stock issued for acquisition of tangible assets inventory | 5,826,706 | 582 | - | - | - | 982,680 | - | 983,268 |
| Common stock issued for Director's compensation | 500,000 | 50 | - | - | - | 472,950 | - | 472,950 |
| Value of convertible note consulting services over the term of note | - | - | - | - | - | 2,000,000 | - | 2,000,000 |
| Common stock issued for cash | 20,000 | 2 | - | - | - | 19,998 | - | 20,000 |
| Common stock issued for Director's compensation | - | - | - | - | 77,125 | - | - | 77,125 |
| Balance at September 30, 2015 | - | - | - | - | - | - | (3,771,318) | (3,771,318) |
| Balance at December 30, 2015 | 39,364,706 \$ | 3,936 | 1,000,000 \$ | 100 \$ | 77,125 \$ | 3,619,467 \$ | (4,463,282) \$ | (762,000) |

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

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| AXIM BIOTECHNOLOGIES, INC. | | |
|---|-------------------|-------------------|
| (Formerly AXIM International, Inc.) | | |
| Condensed Consolidated Statements of Cash Flows | | |
| (unaudited) | | |
| | For the | For the |
| | nine months ended | nine months ended |
| | September 30, | September 30, |
| | 2015 | 2014 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net (loss) | \$ (3,771,318) | \$ (191,133) |
| Loss from discontinued operations | - | (44,696) |
| Loss from continuing operations | (3,771,318) | (146,437) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Impairment loss | 652,265 | - |
| Depreciation expense | 840 | - |
| Amortization of prepaid services | 1,065,205 | - |
| Amortization of prepaid insurance | 94,685 | - |
| Stock based Compensation | 586,125 | - |
| Change in operating assets and liabilities: | | |
| Accounts payable and accrued expenses | 377,553 | 73,482 |
| Inventory | 32,830 | - |
| Reservation fee Deposit | (65,170) | - |
| Prepaid insurance | (85,000) | (82,369) |
| Due to first insurance funding | (8,390) | 95,757 |
| Due to related party | 499,308 | - |
| Royalty fee payable | - | (2,750) |
| NET CASH USED IN OPERATING ACTIVITIES OF CONTINUING OPERATION | (621,067) | (62,317) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES OF DISCONTINUED OPERATION | - | 12,000 |
| NET CASH USED IN OPERATING ACTIVITIES | (621,067) | (50,317) |

| | | |
|--|--------------|------------|
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of equipment | (16,801) | - |
| NET CASH USED IN INVESTING ACTIVITIES OF CONTINUING OPERATION | (16,801) | - |
| | - | - |
| NET CASH USED IN INVESTING ACTIVITIES OF DISCONTINUED OPERATION | | |
| NET CASH USED IN INVESTING ACTIVITIES | (16,801) | - |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Issuance of Common Stock for Cash | 20,000 | - |
| Proceeds from promissory note - related party | - | 1,000,000 |
| NET CASH PROVIDED BY FINANCING ACTIVITIES OF CONTINUING OPERATION | 20,000 | 1,000,000 |
| NET CASH PROVIDED BY FINANCING ACTIVITIES OF DISCONTINUED OPERATION | - | - |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 20,000 | 1,000,000 |
| NET CHANGE IN CASH | (617,868) | 949,683 |
| CASH BALANCES | | |
| Beginning of period | 661,128 | 127 |
| End of period | \$ 43,260 | \$ 949,810 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| CASH PAID DURING THE PERIOD FOR: | | |
| Interest | \$ 698 | \$ - |
| Income taxes | \$ 651 | \$ - |
| SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING AND INVESTING TRANSACTIONS: | | |
| Excess fair value of convertible note issued for prepaid services | \$ 2,000,000 | \$ - |
| Convertible Note issued for services | \$ 400,000 | \$ - |

| | | | | |
|---|----|---------|----|--------|
| Acquisition of Intellectual property/inventory through subsidiary acquisition | \$ | 983,262 | \$ | - |
| Gain on settlement of debt transferred to additional paid in capital | \$ | - | \$ | 96,141 |
| Prepaid insurance paid by related party | \$ | - | \$ | 30,000 |

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

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AXIM BIOTECHNOLOGIES, INC.

(FORMERLY AXIM INTERNATIONAL, INC.)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2014

(unaudited)

NOTE 1: ORGANIZATION

The Company was originally incorporated in Nevada on November 18, 2010, as Axim International Inc. On July 24, 2014, the Company changed its name to AXIM Biotechnologies, Inc. to better reflect its business operations. The Company's principal executive office is located at 18 East 50th Street, 5th Floor, New York, NY 10022. On August 7, 2014, the Company formed a wholly owned Nevada subsidiary named Axim Holdings, Inc. This subsidiary will be used to help facilitate the anticipated activities planned by the Company. On May 1, 2015 the Company acquired 100% interest in Can Chew License Company a Nevada incorporated licensing Company, through the exchange of its 5,826,706 shares of common stock.

In early 2014, the Company discontinued its organic waste marketable by-product business to focus on its anticipated new business to become an innovative biotechnology company working on the treatment of pain, spasticity, anxiety and other medical disorders with the application of cannabinoids based products as well as focusing on research, development and production of pharmaceutical, nutraceutical and cosmetic products as well as procurement of genetically and nano-controlled active ingredients.

NOTE 2: BASIS OF PRESENTATION:

The unaudited condensed consolidated financial statements of AXIM Biotechnologies, Inc. (formerly Axim International, Inc.) as of September 30, 2015, and for the three and nine months period ended September 30, 2015 and 2014 have been prepared in accordance with United States generally accepted accounting principles ("US GAAP").

The following (a) balance sheets as of September 30, 2015 (unaudited) and December 31, 2014, which have been derived from audited financial statements, and (b) the unaudited interim statements of operations and cash flows of AXIM Biotechnologies, Inc. (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and the instructions to Form 10-Q and Rule 8-03 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine months ended September 30, 2015 are not necessarily indicative of results that may be expected for the year ending December 31, 2015. These unaudited financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2014 included in the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission ("SEC") on April 14, 2015.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenue and expenses during reporting periods. Actual results could differ from these estimates.

Cash equivalents

The Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents.

Inventory

Inventory consists of finished goods available for sale owned by the Company and is stated at the lower of cost or market. As of September 30, 2015 the inventory totaled \$235,000.

Depreciation

Property and equipment are carried at cost less accumulated depreciation. Depreciation is computed using straight-line method over the estimated useful life. New assets and expenditures that extend the useful life of property or equipment are capitalized and depreciated. Expenditures for ordinary repairs and maintenance are charged to operations as incurred. For the nine month period ended September 30, 2015 the Company recorded \$840 of depreciation expense.

Intangible Assets

As required by generally accepted accounting principles, trademarks and patents are not amortized since they have an indefinite life. Instead, they are tested annually for impairment. During the three and nine months ended September 30, 2015 the Company incurred an impairment loss of \$652,265 and \$652,265, respectively. Intangible assets as of September 30, 2015 amounted to \$63,167 net of accumulated impairment losses of \$652,265.

Revenue Recognition

The Company recognizes revenue on four basic criteria that must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the fee is fixed or determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the fee charged for services rendered and products delivered and the collectability of those fees. Revenue is generally recognized upon shipment.

Revenues from continuing operations recognized during the nine months ended September 30, 2015 and 2014 amounted to \$33,722 and \$0, respectively. Revenues recognized from discontinued operations for the nine months ended September 30, 2015 and 2014 amounted to \$0 and \$10,000, respectively.

Principles of consolidation

The unaudited condensed consolidated financial statements include the accounts of Axim Biotechnologies, Inc. and its wholly owned subsidiaries Axim Holdings, Inc. and Can Chew License Company as of September 30, 2015 and 2014. All significant intercompany transactions and balances have been eliminated in consolidation.

Fair value of financial instruments

The Company follows paragraph 825-10-50-10 Fair Value Measurements and Disclosures of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and paragraph 820-10-35-37 of the FASB Accounting Standards Codification ("Paragraph 820-10-35-37") to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

Income taxes

The Company follows Section 740-10, Income tax ("ASC 740-10") Fair Value Measurements and Disclosures of the FASB Accounting Standards Codification, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Statements of Operations in the period that includes the enactment date.

The Company adopted section 740-10-25 of the FASB Accounting Standards Codification ("Section 740-10-25"). Section 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under Section 740-10-25, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. Section 740-10-25 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. The Company had no liabilities for unrecognized income tax benefits according to the provisions of Section 740-10-25.

Net loss per common share

Net loss per common share is computed pursuant to section 260-10-45 Earnings Per Share ("ASC 260-10") of the FASB Accounting Standards Codification. Basic net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding and the member potentially outstanding during each period. In periods when a net loss is experienced, only basic net loss per share is calculated because to do otherwise would be ant dilutive.

Recently issued accounting standards

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-03, Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. The amendments in this ASU require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. The amendments are effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The amendments are to be applied on a retrospective basis, wherein the balance sheet of each individual period presented is adjusted to reflect the period-specific effects of applying the new guidance. We do not expect the adoption of ASU 2015-03 to have a material effect on our financial position, results of operations or cash flows.

In February 2015, the FASB issued ASU No. 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis, which is intended to improve targeted areas of consolidation guidance for legal entities such as limited partnerships, limited liability corporations, and securitization structures (collateralized debt obligations, collateralized loan obligations, and mortgage-backed security transactions). The ASU focuses on the consolidation evaluation for reporting organizations that are required to evaluate whether they should consolidate certain legal entities. In addition

to reducing the number of consolidation models from four to two, the new standard simplifies the FASB Accounting Standards Codification and improves current U.S. GAAP by placing more emphasis on risk of loss when determining a controlling financial interest, reducing the frequency of the application of related-party guidance when determining a controlling financial interest in a variable interest entity (“VIE”), and changing consolidation conclusions for companies in several industries that typically make use of limited partnerships or VIEs. The ASU will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period. We do not expect the adoption of ASU 2015-02 to have a material effect on our financial position, results of operations or cash flows.

In January 2015, the FASB issued ASU No. 2015-01, “Income Statement - Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items.” This ASU eliminates from U.S. GAAP the concept of extraordinary items. ASU 2015-01 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. A reporting entity may apply the amendments prospectively. We do not expect the adoption of ASU 2015-01 to have a material effect on our financial position, results of operations or cash flows.

In November 2014, the FASB issued ASU No. 2014-17, “Business Combinations (Topic 805): Pushdown Accounting.” This ASU provides an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. An acquired entity may elect the option to apply pushdown accounting in the reporting period in which the change-in-control event occurs. If pushdown accounting is applied to an individual change-in-control event, that election is irrevocable. ASU 2014-17 was effective on November 18, 2014. The adoption of ASU 2014-17 did not have any effect on our financial position, results of operations or cash flows.

In November 2014, the FASB issued ASU 2014-16, “Derivatives and Hedging (Topic 815).” ASU 2014-16 addresses whether the host contract in a hybrid financial instrument issued in the form of a share should be accounted for as debt or equity. ASU 2014-16 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. We do not currently have issued, nor are we investors in, hybrid financial instruments. Accordingly, we do not expect the adoption of ASU 2014-16 to have any effect on our financial position, results of operations or cash flows.

In August 2014, the FASB issued ASU No. 2014-15, “Presentation of Financial Statements - Going Concern (Subtopic 205-40)”. ASU 2014-15 provides guidance related to management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosure. ASU 2014-15 is effective for annual periods ending after December 15, 2016, and for interim and annual periods thereafter. Early application is permitted. We do not expect the adoption of ASU 2014-15 to have a material effect on our financial position, results of operations or cash flows. Management’s evaluations regarding the events and conditions that raise substantial doubt regarding the Company’s ability to continue as a going concern have been disclosed in Note 7.

In June 2014, the FASB issued ASU No. 2014-12, “Compensation – Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period.” This ASU requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. ASU 2014-12 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. We do not expect the adoption of ASU 2014-12 to have a material effect on our financial position, results of operations or cash flows.

In June of 2014 the Financial Accounting Standards Board issued Accounting Standards Update ASU 2014-10, “Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation” (“ASU 2014-10”). The amendments in ASU 2014-10 remove the definition of a development stage entity from the master glossary of the Accounting Standards Codification, thereby removing the

financial reporting distinction between development stage entities and other reporting entities from U.S. GAAP. In addition, the amendments eliminate the requirements for development stage entities to (1) present inception-to-date information in the statements of income, cash flows, and shareholder equity, (2) label the financial statements as those of a development stage entity, (3) disclose a description of the development stage activities in which the entity is engaged, and (4) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASU 2014-09 affects any entity using U.S. GAAP that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). ASU 2014-09 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. We are still evaluating the effect of the adoption of ASU 2014-09. On April 1, 2015, the FASB voted to propose to defer the effective date of the new revenue recognition standard by one year.

In April 2014, the FASB issued ASU No. 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360) and Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." ASU 2014-08 amends the definition for what types of asset disposals are to be considered discontinued operations, as well as amending the required disclosures for discontinued operations and assets held for sale. ASU 2014-08 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2014. The adoption of ASU 2014-08 did not have any effect on our financial position, results of operations or cash flows.

The amendments also clarify that the guidance in Topic 275, Risks and Uncertainties, is applicable to entities that have not commenced planned principal operations.

Other recent accounting pronouncements issued by the FASB and the SEC did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

NOTE 4: PROMISSORY NOTE - RELATED PARTY

On August 8, 2014 the Company entered into a Promissory Note Agreement with CanChew Biotechnologies, LLC (CCB), a related party (the owners of CCB also own 90% of the outstanding shares of the Company), under which it borrowed \$1,000,000 to fund working capital. The loan is a demand note which bears interest at a rate of 7% annually. The Promissory Note Agreement was amended effective January 1, 2015. The amended Promissory Note bears an annual interest rate of 3%. All other terms and conditions shall remain in full force and effect.

The following table summarizes promissory note payable as of September 30, 2015 and December 31, 2014:

| | September 30, 2015 | December 31, 2014 |
|---|--------------------------|-------------------------|
| Promissory\$ note payable, d u e o n d e m a n d , interest at 3% and 7%, respectively. | 1,000,000 | \$ 1,000,000 |
| A c c r u e d interest | 50,164 | 28,053 |

1,050,164\$ 1,028,053
\$

For the three and nine months ended September 30, 2015 and 2014 the Company recognized interest expense of \$7,561 and \$10,332, and \$22,111 and \$10,332, respectively, included in Accounts payable and accrued liabilities.

NOTE 5: COMMON STOCK

On January 15, 2015, the Company issued 18,000 shares of common stock as compensation for services performed for the Company by certain directors of the Company. The fair value of the underlying stock on the date of issuance was at \$2.00 per share. The Company determined the fair value of the common stock was more readily determinable than the fair value of the services rendered. For the nine months ended September 30, 2015, the Company recorded \$36,000 of compensation expense in the accompanying unaudited condensed consolidated statement of operations.

On June 13, 2014, the Company entered into an employment agreement with Dr. George Anastassov, its Chief Executive Officer, Chief Financial Officer and Secretary. On June 13, 2015, following twelve (12) months of continuous employment the Company issued 500,000 restricted shares of the Company's common stock based upon the average ten (10) day closing price immediately preceding the grant date, as quoted on Yahoo.com. For the nine months ended September 30, 2015, the Company recorded \$473,000 of compensation expense in the accompanying unaudited condensed consolidated statement of operations. On September 13, 2015 following fifteen (15) months of continuous employment the Company was obligated to issue 125,000 restricted shares of the Company's common stock based upon the average ten (10) day closing price immediately preceding the grant date, as quoted on Yahoo.com On October 28, 2015 the board of directors approved the issuance of the stock grant. As of September 30, 2015 the company recorded \$77,125 of compensation expense in the accompanying unaudited condensed consolidated statement of operations.

On May 1, 2015 the Canchew License Company entered into a licensing agreement with CanChew Biotechnologies, LLC ("Canchew"). The agreement provides that in exchange for its' intellectual property and inventory, Canchew will receive 5,826,706 restricted shares of the Company common stock and sliding scale royalties based on gross receipts. Management has determined the cost of the licensing agreement of \$715,432 and inventory of \$267,830. For the nine months ended the Company recorded/incurred an impairment loss of \$652,265.

On July 14, 2015 the Board of Directors of the Company approved the issuance of 20,000 restricted common stock pursuant to the Common Stock Purchase Agreement "Agreement" which is selling, on a best efforts basis, up to \$3,000,000 worth of the Company common stock, \$0.0001 par value at a purchase price of \$1.00 per share. The purchase price of the underlying stock on the date of issuance was \$1.00 per share. During the nine months ended September 30, 2015 the Company received \$20,000 from the investor in exchange for 20,000 restricted common shares of the Company.

NOTE 6: RELATED PARTY TRANSACTIONS

Effective November 26, 2012, the Company entered into a separate Convertible Loan Agreement with its ex-President, under which it borrowed \$50,000, in the form of a non-interest bearing note. In October 2015, this note was extended until December 31, 2015 under the same terms. The loan is convertible into common stock at \$0.10 per share at the option of the lender any time after February 28, 2013. As of September 30, 2015 the loan has not been converted. The Company used the proceeds of this loan to fund the purchase of license rights under the November 26, 2012, agreement with Omega Research Corporation. During the year 2014, the Convertible Loan was transferred to a third party

On May 21, 2014, the Company President advanced an additional \$5,000 to the Company to fund working capital needs. This brings the total amount due to shareholder to \$55,000 as of September 30, 2015, including convertible

loan.

On August 8, 2014, the Company entered into a Promissory Note Agreement with CanChew Biotechnologies, LLC (CCB), a related party (The owners of CCB also own 90% of the outstanding shares of the Company), under which it borrowed \$1,000,000 to fund working capital. The loan is a demand note which bears interest at a rate of 7% annually. The Promissory Note Agreement was amended effective January 1, 2015. The amended Promissory Note bears an annual interest rate of 3%. All other terms and conditions shall remain in full force and effect. For the three and nine months ended September 30, 2015 the Company charged \$7,561 and \$22,111, respectively as interest expenses to operation (refer note 4).

On June 25, 2014, the Company received a non interest bearing advance from CCB of \$30,000 to pay the down payment on its D & O liability insurance. In addition the Company during the nine months ended September 30, 2015, received additional advance of \$499,308 for operating expenses. This advance is non-interest bearing and is due on demand. The total outstanding due to related party as of September 30, 2015 and December 31, 2014 is \$565,083 and \$65,775, respectively.

NOTE 7: GOING CONCERN

The Company's unaudited condensed consolidated financial statements have been presented assuming that the Company will continue as a going concern. As shown in the unaudited condensed consolidated financial statements, the Company has an accumulated deficit of \$4,463,282, has cash used in operating activities of continuing operations \$621,067 and presently does not have the resources to accomplish its objectives during the next twelve months. These conditions raise substantial doubt about the ability of the Company to continue as a going concern. The unaudited condensed consolidated financial statements do not include any adjustments related to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue in operation.

The Company intends to raise additional capital through private placements of debt and equity securities, but there can be no assurance that these funds will be available on terms acceptable to the Company, or will be sufficient to enable the Company to fully complete its development activities or sustain operations. If the Company is unable to raise sufficient additional funds, it will have to develop and implement a plan to further extend payables, reduce overhead, or scale back its current business plan until sufficient additional capital is raised to support further operations. There can be no assurance that such a plan will be successful.

NOTE 8: DUE TO FIRST INSURANCE FUNDING

The Company financed the purchase of its D & O insurance with a note due to First Insurance Funding. The principal amount financed was \$120,000. Interest is due on the unpaid balance at a rate of 6.189% per annum. The total amount of interest due under the terms of the note is \$3,116. The term of the note is for nine months commencing August 25, 2014. Payments are due for nine installments in the amount of \$13,680 each, which includes principal and interest, commencing August 25, 2014. The total outstanding due to First Insurance Funding as of September 30, 2015 and December 31, 2014 is \$0 and \$54,020, respectively.

The Company financed the purchase of its D & O insurance renewal with a note due to First Insurance Funding. The principal amount financed was \$85,000 during the nine months ended September 30, 2015. Interest is due on the unpaid balance at a rate of 5.25% per annum. The total amount of interest due under the terms of the note is \$1,496. The term of the note is for nine months commencing July 25, 2015. Payments are due for nine installments in the amount of \$7,722 each, which includes principal and interest, commencing July 25, 2015. The total outstanding due to First Insurance Funding as of September 30, 2015 and December 31, 2014 is \$45,630 and \$0, respectively.

NOTE 9: CONVERTIBLE NOTE PAYABLE

On April 21, 2015 the Company entered into a one year consultancy agreement with Cross & Company an independent contractor terminating on April 21, 2016. In exchange for these consultancy services the Company agreed to pay Cross & Company \$400,000 payable by the issuance of a convertible note at a rate of 4% per annum at the conversion price of \$0.10 per share. Interest shall accrue until the maturity date, April 21, 2025 at which time all principal and interest accrued shall be due and payable. The holder of the note has the right, at the holder's option, at any time prior to payment in full of the principal balance in whole or in part, into fully paid and nonassessable "S-8 shares" of the company's common stock pursuant to a Stock Incentive Plan (see note 10). As of September 30, 2015 the loan has not been converted. For the three and nine months ended September 30, 2015 the Company accrued interest in the amount of \$4,044 and \$7,112, respectively. The Company calculated fair value of the convertible note at \$2,400,000 as prepaid expenses and the excess value of \$2,000,000 over the value of note was credited to additional paid in capital. The prepaid expense was amortized over the period of twelve month of service. During the three and nine months ended as of September 30, 2015, the Company amortized \$604,931 and \$1,065,205, respectively.

NOTE 10: STOCK INCENTIVE PLAN

Effective May 29, 2015 the company adopted a stock incentive plan under which eligible persons or vendors whom provide the company services may be afforded an opportunity to acquire an equity interest in the company in exchange for those services provided. The Company has reserved 10,000,000 shares of its common stock for issuance under this plan.

NOTE 11: COMMITMENT AND CONTINGENCIES

On June 13, 2014, the Company entered into an employment agreement with Dr. George Anastassov, its Chief Executive Officer, Chief Financial Officer and Secretary. The agreement's effective date is June 1, 2014. The initial term of the agreement is one year. The agreement renews each year until terminated by the Company or Dr. Anastassov. Cash remuneration is \$20,000 per month payable bi-monthly.

On November 15, 2014 the Company and Municipality of Almere, the province of Flevoland, The Netherlands entered into a "reservation agreement" whereas the Company is interested in the construction of a manufacturing facility for the production of a new pharmaceutical, nutraceutical and consumer products as well as a center for R&D, on the plots of building and land located at Lagekant, the Netherlands. The reservation agreement is for a term of one year and expires on November 15, 2015. The Company must notify the Municipality of Almere whether or not it wishes to be considered for the purchase of the building and land on or before the end of the reservation agreement. If the municipality has not received notification on time before the end of the reservation period whether it wishes to purchase the building and land and also does not receive notification during the three (3) working days following said date, the right to reservation of the Company lapses. The municipality is then fully at liberty to offer the building land to any other prospective purchasers. The Company is entitled to terminate this agreement in writing without this giving rise to any payment obligation. The Company incurred a reservation fee after February 15, 2015 in the amount of \$65,170. The purchase price has been determined to be 985,680 euro's exclusive of VAT and transfer taxes. The land parcel is 6000 square meters. The Company made the reservation payment on October 14, 2015 in the amount of \$32,480 and the remaining balance of \$32,690 was paid on October 15, 2015.

NOTE 12: SUBSEQUENT EVENT

Management evaluated all activities of the Company through the issuance date of the Company's interim unaudited condensed consolidated financial statements and concluded that no subsequent events have occurred that would require adjustments or disclosure into the interim unaudited condensed consolidated financial statements.

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

Forward Looking Statement Notice

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

Description of Business

We were incorporated in the State of Nevada on November 18, 2010, as AXIM International, Inc. (Inception). On July 24, 2014, we changed our name to AXIM Biotechnologies, Inc. to better reflect our business operations. Our principal executive office is located at 18 East 50th Street, 5th Floor, New York, NY 10022.

In early 2014, we discontinued our organic waste marketable by-product business to focus on our anticipated new business to become an innovative pharmaceutical and biotechnology company working on the treatment of pain, spasticity, anxiety and other medical disorders with the application of cannabinoids based products as well as focusing on research, development and production of pharmaceutical, nutraceutical, oral health and cosmetic products as well as procurement of genetically and nano-controlled active ingredients and innovative delivery platforms.

Going forward, the Company's board of directors intends to broaden the current operations of the Company to include pharmaceutical products, manufacturing facilities, genetically controlled botanical products, extraction and purification of biomaterials technologies. These activities are anticipated to include the following:

- Supporting a clinical trial at the Free University of Amsterdam, The Netherlands in collaboration with the University of Plymouth, UK as well as academic centers in the USA for a novel, patented delivery form of cannabinoids for treatment of pain and spasticity in patients with multiple sclerosis. The anticipated duration of the trials prior to FDA/ EMA registration is 24 months.
- Conducting research trials of a novel delivery mechanism (patent pending) for treatment of patients with ADHD.
- Development of novel (patent pending) pharmaceutical and nutraceutical cannabinoid-based preparation “CannQuit™” formulations for smoking cessation.
- Conducting of clinical trials at the university of Wageningen, The Netherlands on patients with irritable bowel syndrome, inflammatory bowel disease and Crohn's disease using innovative, (patent pending) delivery mechanisms containing cannabinoids.
- New (patent pending) cannabinoid extraction technologies in The Netherlands.
- Development of our 95% pure, freeze-dried cannabinoids products (patent pending).

- Development of high-energy-output hemp coal “CannaCoal™.” (patent pending).
- Development of novel (patent pending) antibacterial preparations based on cannabinoids “Cannacyn™” and “Cannonych™”..
- Development and commercialization of oral healthcare products, “Oraximax™”, based on cannabigerol (patent pending).
- Development and commercialization of cosmetic care line “Renecann™” (patent pending).
- Development of ophtalmological preparations based on cannabigerol “CannBleph™” (patent pending).
- A land purchase in the city of Almere, in the province of Flevoland, The Netherlands for building of a state of the art extraction/ purification facility as well as a factory for pharmaceutical, nutraceutical and consumer products preparations as well as a innovative “box in a box”-design center for R&D.
- Importation from Italy, Spain, Denmark, The Netherlands and other reputable producers of pharmaceutical grade hemp oil to Europe and North America. Some of these products will be converted by AXIM from lipophilic to hydrophilic form based on proprietary process (patent pending) .
- Development of sustainable biofuel compositions derived from industrial hemp by-products (patent pending).

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During the next twelve months we anticipate incurring costs related to:

- (i) filing Exchange Act reports, and
- (ii) contractual obligations

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

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

On May 1, 2015 the Company acquired a 100% interest in Can Chew License Company in consideration for the issuance of its 5,826,706 common stock.

Manufacturing Capabilities

On November 15, 2014, we entered into Reservation Agreement with the City of Almere, The Netherlands, whereby the Company was granted an option to purchase 6000 square meters of land in the City of Almere. The Company intends to construct an office building on the site featuring: a clean laboratory zone, storage areas, office and technical rooms as well as manufacturing facility furnishings. This facility will be fully compliant with GMP, GLP, FDA,

EMA and ISO regulations. The purchase price for the land is € 985,680 Euros and the Company has until December 2015 to exercise the option free of charge. Should the Company extend the option, it will incur a reservation fee of € 49,284 Euros. This fee was paid in October, 2015. We are currently working on obtaining the environmental permit and classification for the project. When the Company purchase' the land within one year from payment of the reservation fee, the reservation fee will be applied against the purchase price of the property.

The Industry

Hemp – An Overview

Hemp is an industrial plant related to cannabis sativa. Fiber from the plant has long been used to make paper, clothing, rope and other products. Its oil is found in body-care products such as lotion, soap and cosmetics and in a host of foods, including energy bars, waffles, milk-free cheese, veggie burgers and bread.

Numerous uses exist, including hemp plant extracts that are used as a medicine, nutritional supplements and food sources. Beyond this, applications into textiles, building materials, bio-fuels, paper, bio-plastics, livestock feed/bedding as well as personal care products are readily available. There are approximately 25,000 recorded uses for hemp to date.

Hemp is a cousin to cannabis as both are classified under the same botanical category of Cannabis sativa L. The major difference between the two is that recreational cannabis has significant amounts of tetrahydrocannabinol (THC) (5–30%), a psychotropic cannabinoid and very little amounts of CBD (cannabidiol) and CBG (cannabigerol), which have no psychotropic properties; whereas industrial hemp has virtually no THC (less than 0.3%). This 0.3% THC in industrial hemp is not enough to provide psychotropic effects, which renders industrial hemp useless for recreational use or abuse. Canada, China and the United Kingdom are examples of major industrialized countries that have grown industrial hemp responsibly deriving maximum economic benefits from its cultivation.

Hemp is a plant easy to cultivate, with predictable harvests and produces overall negative carbon print compared to other agricultural sources used for production of biodiesels among other uses.

Industrial hemp is rich in proteins and essential amino acids, which may render it as a preferred source of food and animal feed.

Importation of Hemp Finished Products

Despite classification of cannabis under Schedule I, hemp finished products, or certain parts of the plant Cannabis sativa, are exempted from the definition of marijuana and are considered legal to import since 1937. Under 21 U.S.C. § 802(16), the seeds (incapable of germination) and the mature stalks of the Cannabis sativa plant, together with products made from these parts, are exempted from the definition of cannabis. These products are commonly known as "hemp finished products", and can be a variety of products as outlined above. Importation of hemp finished products and processing into the United States continues legally, which fuels a hemp market inside the United States. The United States is actually the largest importer of hemp-based products in the world.

Market, Customers and Distribution Methods

The market, customers and distribution methods for hemp-based products are large and diverse. These markets range from hemp-based bio plastics to textiles. This is an ever-evolving distribution system that today only has a few outlets in mainstream commercial and retail stores. However, we believe that as awareness grows for the "green," environmentally-friendly products derived from industrial hemp, the industry will adapt its current product lines to integrate them with hemp-based additives or replace harmful components in their existing products with components of industrial hemp.

To understand the market and consumers as well as distribution methods, we have studied all the uses of hemp and its legal structure in the U.S. and abroad. There are more than 25,000 known uses for hemp based products, most of which were used in the past and were replaced by cotton, petroleum\oil, concrete, corn and soybeans. We believe the market potentially represents trillions of dollars in worldwide product sales. We will focus on the products our management feels will have the greatest positive environmental impact, profitability and ease to market. These tend to be new, innovative products as well as the replacement of existing raw base materials for products that exist today, such as pharmaceuticals, nutraceuticals, plastics, fuel, textiles, and medical delivery devices.

Our focus is on the development of innovative nutraceutical and pharmaceutical products focusing on diseases and conditions for which currently there are no known efficient therapeutic options or delivery systems for known active pharmaceutical ingredients. The body of knowledge regarding therapeutic use of cannabinoid-based formulations is steadily increasing. We plan to be an active player in this field of biosciences with our extensive R&D and pipeline of innovative products.

Our target customers are currently end consumers interested in a general well-being improvement through our OTC product (CanChew™ gum) via Internet sales, direct-to-consumer health and wellness stores, collectives, cooperatives, affiliate sales and potentially; master distributors. Secondly, we are targeting manufactures of products that can readily replace their raw base materials with our materials, making the products more quality oriented/controlled, environmentally friendly and sustainable. Next, we will target retail stores with major distribution companies who have preexisting relationships with major retail chain stores. As we continue to develop our business, these markets may change, be re-prioritized or eliminated as management responds to consumer and regulatory developments. Our ultimate goal is to complete the development and registration of our pharmaceutical line of products directed to specific conditions/ diseases for which currently there are no effective therapeutic options or the ones available are prohibitively expensive or mired with side effects.™ The first product to complete this cycle will be MedChew Rx™ intended for treatment of pain and spasticity in patients with MS.

Competition

AXIM is a bio-pharmaceutical company with an extensive IP portfolio mostly based on cannabinoid research. Currently there are 2 publically traded companies in our space, which have similar aspirations; GW Pharmaceuticals (GWPH) and INSYS Therapeutics (INSY). GW introduced the first cannabis-based pharmaceutical preparation (Sativex™). INSYS is working on a CBD delivery system. We believe these are currently our closest competitors.

Intellectual Property

Currently, our intellectually property includes fifteen (15) trademark applications (MedChew, AXIM, A Axim Biotech and design, Cannanimals, CanQuit, CannaCoal, Clean CannaCoal, CanChui CanShu, ORAXIMAX, ReneCann, CannBleph, OphthoCann, Cannonich, Cannocyn), some of which are allowed by the USPTO, some of which have entered international stage, and some of which have received grant of protection in other countries; six (6) provisional patent applications (oral care, ophthalmic, sugar alcohol kneading method, antimicrobial, extraction process, and cosmetic), and one (1) licensed patent (chewing gum containing cannabinoids)). We are in the process of developing and filing more patent applications.

Research and Development

We are continuing our research and development at the Free University of Amsterdam with our novel (patented) delivery system for treatment of patients with pain and spasticity as a sequence of Multiple Sclerosis. This study will include also the University of Plymouth, UK and academic centers in the US. The study is conducted in strict compliance with FDA/EMA guidelines and is supervised by QPS as a CRO. The product tested is a pharmaceutical,

functional chewing gum containing equal parts of THC and CBD. With our proprietary technology numerous problems related to cannabinoid' water-insolubility due to its lipophilic nature, bypass of first-pass liver metabolism and direct delivery into the systemic circulation thus providing higher bioavailability and decrease of harmful byproducts have been resolved.

Clinical studies will commence at the University of Wageningen, The Netherlands testing a new (patent pending) delivery systems with novel cannabinoids for treatment of patients with IBS, IBD and Crohn's disease. A new direct as well as controlled slow-release nano-technology delivery methods will be investigated based on our proprietary IP'. Bioavailability studies are being currently carried on.

New, patent pending cannabinoid extraction techniques as well as pure, water soluble, freeze-dried cannabinoids have been developed in cooperation with Syncom, BV, The Netherlands, which practically solves the issue with very poor systemic absorption of currently available, oil based cannabinoids.

A preliminary microbiological trial on effects of certain cannabinoids on bacteria and fungae has been completed at the University of Nijmegen, The Netherlands. The final results and a publication are pending.

A dermatological assay utilizing our proprietary skin-care products "ReneCann™" is currently under way in The Netherlands.

There are numerous other R&D projects being considered involving our proprietary intellectual property. These will be strategically planned depending on availability of funds to carry on.

Source and Availability of Raw Materials

The Company currently has arrangements with multiple reputable suppliers, which are expected to meet the projected needs for materials for the upcoming year.

Government Regulation

For the first time since 1937, industrial hemp has been decriminalized at the federal level and can be grown legally in the United States, but on a limited basis. A landmark provision in the recently passed Agricultural Act of 2014 recognizes hemp as distinct from its genetic cousin, marijuana. Federal law now exempts industrial hemp from U.S. drug laws in order to allow for crop research by universities, colleges and state agriculture departments. The new federal law, written by U.S. Rep. Jared Polis (D-CO) and U.S. Sen. Mitch McConnell (R-KY), allows for agricultural pilot programs for industrial hemp "in states that permit the growth or cultivation of hemp."

Employees

As of November 16, 2015, we have 4 full-time employees and 1 part-time employee. We allow and utilize the services of independent contractors. We will be considering the conversion of some of our part-time employees to full-time positions. We are currently in discussions with qualified individuals to engage them for positions in sales and marketing, research and development, and operations. Management believes the Company has good relationships with its employees.

Costs and effects of compliance with environmental laws

The expense of complying with environmental regulations is of minimal consequence.

Future Operations

During the next twelve months we anticipate incurring costs related to:

- (i) filing Exchange Act reports, and
- (ii) contractual obligations

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

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

Liquidity and Capital Resources

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

Our cash requirements for the next twelve months are \$1,260,000.

| | |
|-----------------------|---------------------|
| Other consulting fees | \$ 900,000 |
| Audit and accounting | 60,000 |
| Miscellaneous | 300,000 |
| Total | \$ 1,260,000 |

We estimate that our audit and accounting costs to be \$60,000 however this amount may vary.

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

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

We are dependent upon certain related parties to provide continued funding and capital resources. If continued funding and capital resources are unavailable at reasonable terms, we may not be able to implement our plan of operations. These loans may include terms that may be highly dilutive to existing shareholders

The Company for the nine months ended September 30, 2015 had a negative cash flow of \$621,067 from its operating activities primarily for research, consultants, professional fees, salary and advertising.

Net Cash Provided by/Used in Operating Activities

Net cash used in operating activities was \$621,067 for the nine months ended September 30, 2015, as compared to net cash used of \$62,317 for the nine months ended September 30, 2014. The increase is primarily attributable to our net loss from operations of \$3,771,318 and offset by net change in the balances of operating assets and liabilities in the aggregate amount of \$751,131 and by Impairment of intangibles, amortization of prepaid services, amortization of prepaid insurance, stock based compensation.

Net Cash Used in Investing Activities

Net cash used by investing activities during the period ended September 30, 2015 was \$16,801 compared to \$0 for the same period in 2014. The increase is a result of purchase of equipment.

Net Cash Provided by Financing Activities

Net cash provided by financing activities during the period ended September 30, 2015, was \$20,000 compared to \$1,000,000 for the same period in 2014. Cash provided by financing activities were primarily a result of proceeds from a sale of common stock totaling \$20,000 during the period ended September 30, 2015; whereas \$1,000,000 during the period ended September 30, 2014 were raised by issuance of promissory note.

Sources of Capital

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

During the next twelve months we anticipate incurring costs related to:

- (i) filing Exchange Act reports, and
- (ii) contractual obligations

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

Results of Operations

Comparison of the nine months ended September 30, 2015 to September 30, 2014.

For the nine month periods ended September 30, 2015 and 2014, our revenues totaled \$33,722 from continuing operations and \$10,000 from discontinued operations. This is due to our start up business operations and our change

in business operations in early 2014.

Our expenses for the nine months ending September 30, 2015 and 2014 are as follows:

| | Nine Months Period Ended September 30, 2015 | Nine Months Period Ended September 30, 2014 |
|-----------------------------------|--|--|
| Legal and other fees | \$ 106,396 | \$ 6,582 |
| Impairment | 652,265 | 52,103 |
| Audit fees | 19,500 | - |
| Filing fees | 3,133 | 8,087 |
| Office/Other expenses | 42,527 | 309 |
| Interest expense | 30,717 | 10,804 |
| Travel and entertainment expenses | 45,853 | 381 |
| Advertising and promotions | 118,462 | - |
| Compensation costs | 1,574,618 | - |
| Insurance expense | 95,730 | 40,274 |
| Depreciation and amortization | 840 | 1,593 |
| Consulting fees | 307,131 | - |
| Taxes | 11,949 | - |
| Officer's salary | 180,000 | 80,000 |
| Allowance for bad debts | - | 1,000 |
| Research and development | 507,014 | - |
| Licenses and permits | 76,074 | - |
| Total | \$ 3,772,209 | \$ 201,133 |

Our operating expenses for the nine month periods ended September 30, 2015 and 2014, were \$3,772,209 and \$201,133 respectively. The increase for the nine month period ended September, 2015, was due to our change in

business operations and increases in compensation costs, research, salary, insurance, consulting fees, advertising, impairment and legal fees. Included in the \$201,133 total are expenses from discontinued operations of \$54,696 which are reflected on the unaudited condensed consolidated statement of operations net of \$10,000 of revenue from discontinued operations.

Comparison of the three months ended September 30, 2015 to September 30, 2014.

For the three month periods ended September 30, 2015 and 2014, our revenues totaled \$21,610 from continuing operations and \$0 from discontinued operations. This is due to our start up business operations and our change in business operations in early 2014.

| | Three Months Period Ended September 30, 2015 | Three Months Period Ended September 30, 2014 |
|-----------------------------------|---|---|
| Legal and other fees | \$ 37,500 | \$ 3,985 |
| Impairment | 652,265 | - |
| Audit fees | 6,000 | - |
| Filing fees | 813 | 3,225 |
| Office/Other expenses | 25,840 | 78 |
| Interest expense | 12,401 | 10,804 |
| Travel and entertainment expenses | 2,930 | 381 |
| Advertising and promotions | 8,986 | - |
| Compensation costs | 682,056 | - |
| Insurance expense | 21,692 | 40,274 |
| Depreciation expenses | 840 | - |
| Consulting fees | 32,500 | - |
| Taxes | 991 | - |
| Officer's salary | 60,000 | 80,000 |
| Allowance for bad debts | - | - |
| Research and development | 133,087 | - |

| | | |
|----------------------|--------------|------------|
| Licenses and permits | 14,563 | - |
| Total | \$ 1,692,464 | \$ 138,747 |

Our operating expenses for the three month periods ended September 30, 2015 and 2014, were \$1,692,464 and \$138,747 respectively. The increase for the three month period ended September 30, 2015, was due to our change in business operations and increases in research, consulting fees, salary, insurance, advertising, compensation costs, impairment and legal fees.

Going concern.

The Company's unaudited condensed consolidated financial statements have been presented assuming that the Company will continue as a going concern. As shown in the unaudited condensed consolidated financial statements, the Company has an accumulated deficit of \$4,463,282, has cash used in operating activities of continuing operations \$621,067 and presently does not have the resources to accomplish its objectives during the next twelve months. These conditions raise substantial doubt about the ability of the Company to continue as a going concern. The unaudited condensed consolidated financial statements do not include any adjustments related to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue in operation.

The Company intends to raise additional capital through private placements of debt and equity securities, but there can be no assurance that these funds will be available on terms acceptable to the Company, or will be sufficient to enable the Company to fully complete its development activities or sustain operations. If the Company is unable to raise sufficient additional funds, it will have to develop and implement a plan to further extend payables, reduce overhead, or scale back its current business plan until sufficient additional capital is raised to support further operations. There can be no assurance that such a plan will be successful.

Off-Balance Sheet Arrangements

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

Contractual Obligations

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

Critical accounting policies

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the reported periods. The more critical accounting estimates include estimates related to revenue recognition and accounts receivable allowances. We also have other key accounting policies, which involve the use of estimates, judgments and assumptions that are significant to understanding our results, which are described in Note 3 to our unaudited condensed consolidated financial statements.

Recent accounting pronouncements

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-03, Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. The

amendments in this ASU require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. The amendments are effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The amendments are to be applied on a retrospective basis, wherein the balance sheet of each individual period presented is adjusted to reflect the period-specific effects of applying the new guidance. We do not expect the adoption of ASU 2015-03 to have a material effect on our financial position, results of operations or cash flows.

In February 2015, the FASB issued ASU No. 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis, which is intended to improve targeted areas of consolidation guidance for legal entities such as limited partnerships, limited liability corporations, and securitization structures (collateralized debt obligations, collateralized loan obligations, and mortgage-backed security transactions). The ASU focuses on the consolidation evaluation for reporting organizations that are required to evaluate whether they should consolidate certain legal entities. In addition to reducing the number of consolidation models from four to two, the new standard simplifies the FASB Accounting Standards Codification and improves current U.S. GAAP by placing more emphasis on risk of loss when determining a controlling financial interest, reducing the frequency of the application of related-party guidance when determining a controlling financial interest in a variable interest entity (“VIE”), and changing consolidation conclusions for companies in several industries that typically make use of limited partnerships or VIEs. The ASU will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period. We do not expect the adoption of ASU 2015-02 to have a material effect on our financial position, results of operations or cash flows.

In January 2015, the FASB issued ASU No. 2015-01, “Income Statement - Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items.” This ASU eliminates from U.S. GAAP the concept of extraordinary items. ASU 2015-01 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. A reporting entity may apply the amendments prospectively. We do not expect the adoption of ASU 2015-01 to have a material effect on our financial position, results of operations or cash flows.

In November 2014, the FASB issued ASU No. 2014-17, “Business Combinations (Topic 805): Pushdown Accounting.” This ASU provides an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. An acquired entity may elect the option to apply pushdown accounting in the reporting period in which the change-in-control event occurs. If pushdown accounting is applied to an individual change-in-control event, that election is irrevocable. ASU 2014-17 was effective on November 18, 2014. The adoption of ASU 2014-17 did not have any effect on our financial position, results of operations or cash flows.

In November 2014, the FASB issued ASU 2014-16, “Derivatives and Hedging (Topic 815).” ASU 2014-16 addresses whether the host contract in a hybrid financial instrument issued in the form of a share should be accounted for as debt or equity. ASU 2014-16 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. We do not currently have issued, nor are we investors in, hybrid financial instruments. Accordingly, we do not expect the adoption of ASU 2014-16 to have any effect on our financial position, results of operations or cash flows.

In August 2014, the FASB issued ASU No. 2014-15, “Presentation of Financial Statements - Going Concern (Subtopic 205-40)”. ASU 2014-15 provides guidance related to management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosure. ASU 2014-15 is effective for annual periods ending after December 15, 2016, and for interim and annual periods thereafter. Early application is permitted. We do not expect the adoption of ASU 2014-15 to have a material effect on our financial position, results of operations or cash flows. Management’s evaluations regarding the events and

conditions that raise substantial doubt regarding the Company's ability to continue as a going concern have been disclosed in Note 7.

In June 2014, the FASB issued ASU No. 2014-12, "Compensation – Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period." This ASU requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. ASU 2014-12 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. We do not expect the adoption of ASU 2014-12 to have a material effect on our financial position, results of operations or cash flows.

In June of 2014 the Financial Accounting Standards Board issued Accounting Standards Update ASU 2014-10, "Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation" ("ASU 2014-10"). The amendments in ASU 2014-10 remove the definition of a development stage entity from the master glossary of the Accounting Standards Codification, thereby removing the financial reporting distinction between development stage entities and other reporting entities from U.S. GAAP. In addition, the amendments eliminate the requirements for development stage entities to (1) present inception-to-date information in the statements of income, cash flows, and shareholder equity, (2) label the financial statements as those of a development stage entity, (3) disclose a description of the development stage activities in which the entity is engaged, and (4) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage.

In August, 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties About an Entities Ability to Continue as a Going Concern. The standard is intended to define management's responsibility to decide whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. The standard requires management to decide whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. The standard provides guidance to an organization's management, with principles and definitions that are intended to reduce diversity in the timing and content of disclosures that are commonly provided by organizations in the footnotes. The standard becomes effective in the annual period ending after December 15, 2016, with early application permitted. The adoption of this pronouncement is not expected to have a material impact on the financial statements. Management's evaluations regarding the events and conditions that raise substantial doubt regarding the Company's ability to continue as a going concern have been disclosed in Note 7.

The amendments also clarify that the guidance in Topic 275, Risks and Uncertainties, is applicable to entities that have not commenced planned principal operations.

The Company has elected to adopt the provisions of ASU 2014-10 for the year ending December 31, 2014. The adoption of ASU 2014-10 did not have a significant impact on our results of operations, financial condition or cash flow.

Other recent accounting pronouncements issued by the FASB and the SEC did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

Foreign Currency Transactions

None.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

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

As of September 30, 2015, we carried out an evaluation, under the supervision and with the participation of our principal executive officer and our principal financial officer of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this report.

Changes in Internal Controls

There have been no changes in our internal controls over financial reporting during the quarter ended June 30, 2015, that have materially affected or are reasonably likely to materially affect our internal controls.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

We are not a party to any legal proceedings subject to this Item Number.

Item 1A. Risk Factors.

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

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

None

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable

Item 5. Other Information.

None.

Item 6. Exhibits.

Statements

Condensed Consolidated Balance Sheets as of September 30, 2015 (unaudited) and December 31, 2014.

Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2015 and 2014 (unaudited)

Condensed Consolidated Statements of Changes in Shareholders' Deficit for the nine months ended September 30, 2015 (unaudited)

Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2015 and 2014 (unaudited)

Notes to Condensed Consolidated Financial Statements (unaudited)

Schedules

All schedules are omitted because they are not applicable or the required information is shown in the Financial Statements or notes thereto.

| Exhibits | Exhibit # | Incorporated | | Filed with This Report |
|--|-----------|--------------------------|-------------|------------------------|
| | | by Reference (Form Type) | Filing Date | |
| Articles of Incorporation, as filed with the Nevada Secretary of State on November 18, 2010. | 3.1 | 10-Q | 11/14/2014 | |
| By-laws. | 3.2 | 10-Q | 11/14/2014 | |
| Certificate of Amendment, as filed with the Nevada Secretary of State on July 24, 2014. | 3.3 | 10-Q | 11/14/2014 | |
| Employment Agreement effective June 13, 2014, by and between AXIM International, Inc. and Dr. George E. Anastassov. | 10.1 | 10-K | 4/14/2015 | |
| Certification of Principal Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended | 31.1 | | | X |
| | 31.2 | | | X |

Certification of Principal Financial Officer
pursuant to Rule 13a-14 and Rule 15d 14(a),
promulgated under the Securities and Exchange
Act of 1934, as amended

| | | |
|--|---------|---|
| XBRL Instance Document | 101.INS | X |
| XBRL Taxonomy Extension Schema Document | 101.SCH | X |
| XBRL Taxonomy Extension Calculation Linkbase Document | 101.CAL | X |
| XBRL Taxonomy Extension Definition Linkbase Document | 101.DEF | X |
| XBRL Taxonomy Extension Label Linkbase Document | 101.LAB | X |
| XBRL Taxonomy Extension Presentation Linkbase Document | 101.PRE | X |

SIGNATURES

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

AXIM
BIOTECHNOLOGIES,
INC.

| | |
|--------------------------|--|
| Dated: November 23, 2015 | By: /s/ Dr. George Anastassov Dr. George Anastassov President and Director Principal Executive Officer Principal Financial Officer |
|--------------------------|--|

