

AXIM INTERNATIONAL INC.
Form 10-Q
May 20, 2014

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 March 31, 2014

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 International, Inc.

(Exact name of registrant as specified in its charter)

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

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)

No change
(Former name, former address and former fiscal year, if changed since last report)

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

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

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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):

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☒.

(Do not check if a smaller reporting company)

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

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ 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: 33,000,000 shares of common stock, par value \$.0001 per share, outstanding as of April 30, 2014.

AXIM INTERNATIONAL, INC.

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PART I – FINANCIAL INFORMATION

AXIM INTERNATIONAL, INC.

FINANCIAL STATEMENTS

MARCH 31, 2014

AXIM INTERNATIONAL, INC.
(A Development Stage Company)
CONDENSED BALANCE SHEETS
(Unaudited)

	March 31, 2014	December 31, 2013
ASSETS		
Current Assets		
Cash	\$ -	127
License fee receivable	-	11,000
Less: Allowance for doubtful accounts	-	(8,000)
Total Current Assets	-	3,127
Other Asset		
Intangible asset – License, net	52,103	53,696
TOTAL ASSETS	\$ 52,103	\$ 56,823
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable and accrued expenses	\$ -\$	52,988
Due to shareholder	-	45,002
Convertible shareholder loan	50,000	50,000
Royalty fees payable	-	2,750
Deferred revenue	7,500	-
Total current liabilities	57,500	150,740
Commitments		
SHAREHOLDERS' DEFICIT		
Preferred stock, \$0.0001 par value, 5,000,000 shares authorized; 1,000,000 issued and outstanding	100	100
Common stock, \$0.0001 par value, 195,000,000 shares authorized; 33,000,000 issued and outstanding	3,300	3,300
Capital in excess of par value	107,841	11,700
Deficit accumulated during the development stage	(116,638)	(109,017)

Total shareholders' deficit	(5,397)	(93,917)
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TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	\$ 52,103	\$ 56,823
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The accompanying notes are an integral part of these financial statements.

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AXIM INTERNATIONAL, INC.
(A Development Stage Company)
CONDENSED STATEMENTS OF OPERATIONS
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2014 AND 2013
(Unaudited)

	Three Month Periods Ended March 31,		For the Period November 18, 2010 (Date of Inception) to March 31,
	2014	2013	2014
Revenues	\$ 2,500	\$ 10,833	\$ 77,500
General and administrative expenses	10,121	16,650	194,138
Net income (loss)	\$ (7,621)	\$ (5,817)	\$ (116,638)
Loss per common share – basic and diluted	\$ -	\$ -	\$ -
Weighted average number of common shares outstanding	33,000,000	33,000,000	

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

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AXIM INTERNATIONAL, INC.
(A Development Stage Company)
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS PERIODS ENDED MARCH 31, 2014 AND 2013
(Unaudited)

	2014	2013	For the Period November 18, 2010 (Date of Inception) to March 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (7,621)	\$ (5,817)	\$ (116,638)
Adjustments to reconcile net loss to net cash consumed by operating activities:			
Charges not requiring the outlay of cash:			
Increase in allowance for doubtful accounts	1,000	-	9,000
Amortization of intangible asset	1,593	2,500	17,897
Impairment of intangible assets	-	-	30,000
Share issuance for organization expense	-	-	2,100
Changes in assets and liabilities:			
Decrease (increase) in license fee receivable	(4,000)	-	(15,000)
Increase in accounts payable and accrued expenses	1,401	9,000	54,389
Increase in royalty fees payable	-	450	2,750
Increase (decrease) in deferred revenue	7,500	(10,833)	7,500
Net cash provided (consumed) by operating activities	(127)	(4,700)	(8,002)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of license	-	-	(100,000)

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Net cash consumed by investing activities	-	-	(100,000)
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CASH FLOWS FROM
FINANCING ACTIVITIES

Proceeds from the issuance of common shares	-	-	13,000
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Proceeds from shareholder loan	-	-	45,002
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Proceeds from convertible shareholder loan	-	-	50,000
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Net cash provided by financing activities	-	-	108,002
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Net change in cash	(127)	(4,700)	-
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Cash, at beginning of period	127	19,128	-
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Cash, at end of period	\$	-	\$ 14,428	\$	-
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The accompanying notes are an integral part of these financial statements.

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AXIM INTERNATIONAL, INC.
(A Development Stage Company)
NOTES TO CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2014
(unaudited)

NOTE 1: BASIS OF PRESENTATION:

The unaudited interim financial statements of Axim International, Inc. as of March 31, 2014, and for the three month periods ended March 31, 2014 and 2013, have been prepared in accordance with United States generally accepted accounting principles. In the opinion of management, such information contains all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results of such periods. The results of operations of the three month period ended March 31, 2014 are not necessarily indicative of the results to be expected for the full year ending December 31, 2014.

Certain information and disclosures normally included in the notes to financial statements have been condensed or abbreviated as permitted by the rules and regulations of the Securities and Exchange Commission, although the Company believes the disclosure is adequate to make the information not misleading. The accompanying unaudited financial statements should be read in conjunction with the financial information of the fiscal year ended December 31, 2013.

NOTE 2: SALE OF BUSINESS

Two new Owners purchased most of the Company common stock and all of the preferred stock on March 21, 2014. As a part of that sale specified receivables, payables and accrued expenses were consolidated and transferred to a third party related to the purchasers. Because the "Debt Settlement Agreement" was a part of the stock transfer agreement the net assigned debt was credited to paid in capital. This was done with the consent of all creditors.

Settlement of debt at point of sale:	
Accounts payable	(54,389)
Royalty payable	(2,750)
Shareholder loan	(45,002)
Allowance for doubtful accounts	(9,000)
License fee receivable	15,000
Paid in capital	96,141

The convertible loan in the amount of \$50,000 was also transferred and remains outstanding.

NOTE 3: RELATED PARTY TRANSACTIONS

From inception to March 31, 2014, the Company's president advanced a total of \$ 45,002 to fund working capital needs. That amount was settled as a part of the "Debt Settlement Agreement."

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

AXIM INTERNATIONAL, INC.
(A Development Stage Company)
NOTES TO CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2014
(unaudited)

NOTE 4. GOING CONCERN

The Company's financial statements have been presented assuming that the Company will continue as a going concern. As shown in the financial statements, the Company has negative working capital, has an accumulated deficit of \$ 57,500, and presently does not have the resources to accomplish its objectives during the next twelve months. These conditions raise substantial doubt about the ability of the Company to continue as a going concern. The financial statements do not include any adjustments related to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue in operation.

NOTE 5. SUBSEQUENT EVENTS

On May 6, 2014, the Public Company Accounting Oversight Board entered an order against the Company's primary auditor, Robert G. Jeffrey, CPA baring him from being an associated person of a registered public accounting firm. Accordingly, effective May 14, 2014, the Company received notice from Jeffrey & Company that it had resigned as the Company's primary auditor. Effective May 16, 2014, the Company's Board of Directors, approved Michael F. Albanese, 18 Lisa Court, Parsippany, New Jersey 07054, Telephone Number: (973) 887-8124, as the Company's primary auditor.

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

Forward Looking Statement Notice

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

Description of Business

We were incorporated in the State of Nevada on November 18, 2010 (Inception) and maintain our principal executive office at 18 E 50th St 5th Floor, New York, NY 10022. Since inception, we have been engaged in organizational efforts and obtaining initial financing. We were formed as a vehicle to pursue a business combination through the acquisition of, or merger with, an operating business. We filed a registration statement on Form 10 with the U.S. Securities and Exchange Commission (the "SEC") on March 10, 2011, and since its effectiveness, we have focused our efforts to identify a possible business combination.

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

Currently, with extensions, we are under an obligation to purchase an APS200 system from Omega for \$500,000 before December 31, 2014 or our rights and obligations under the original agreement will expire.

Effective October 28, 2011, we entered into a joint venture agreement with Alpha International Marketing Corp ("Alpha") to establish the APS200 system in Jamaica for converting used tires to biochar and fuel oil. With extensions Alpha has until December 31, 2014 to advance funding in the amount of \$260,000 or their rights and obligations under the agreement will expire.

Effective November 26, 2012, we entered into a 2nd Licensing Agreement (the “2nd Agreement”) with Omega Research Corporation (“Omega”) for exclusive licensing rights to sub-license, establish joint ventures to commercialize, use and process organic waste, and sell related by-products in the territory of the Bahamas, Dominican Republic, St., Thomas, St. Maarten, and Grenada (“Additional Territories”) for 20 years. We acquired the licensing rights for \$ 50,000. We have the right to purchase from Omega, the APS200 system at a fixed price of \$ 500,000 until December 31, 2014. Subsequent to December 31, 2014, Omega may increase the purchase price at its sole discretion to reflect raising costs of raw materials and labor.

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

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

We believe we will be able to meet these costs through use of funds in our treasury, through deferral of fees by certain service providers and additional amounts, as necessary, to be loaned to or invested in us by our stockholders, management or other investors. As of the date of the period covered by this report, we have no 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.

Change of Control and Changes to Our Business

On March 17, 2014, our former majority stockholder and former director the Company, entered into a stock purchase agreement with Sanammad Foundation and Medical Marijuana, Inc. our current majority stockholders. Pursuant to the agreements, both Sanammad Foundation and Medical Marijuana, Inc. acquired 14,943,650 shares of common stock each representing approximately 91% of our voting common stock. In addition, pursuant to the agreements, both Sanammad Foundation and Medical Marijuana, Inc. acquired 500,000 shares of preferred stock each. Each share of preferred stock has 100 votes.

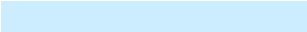
The signing of the stock purchase agreements and the transactions contemplated thereby resulted in a change of control of the Company.

Our current business plan is to begin focus on the treatment of pain and other medical disorders with the application of legal chewing gum based cannabis/cannabinoids medical products and to phase out our current operations.

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

Liquidity and Capital Resources

With the exception of establishing joint venture operations with Alpha, our cash requirements for the next twelve months are \$ 26,000.


O t h e r 12,000
c o n s u l t i n g

fees	
Audit and accounting	10,000
Miscellaneous	4,000
Total	\$ 26,000

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

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

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

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

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

Sources of Capital:

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

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

Results of Operations

For the three month periods ended March 31, 2014 and 2013, our revenues totaled \$ 2,500 and \$10,833 consisting solely of sub license and extension fees received and recoverable from Alpha. License and license extension fees received are recognized ratably over the period covered.

Our expenses for the three periods March 31, 201 and 2013 are as follows:

	Three month Period Ended March 31, 2014	Three Month Period Ended March 31, 2013
L e g a l & \$ 4,000	\$ 3,474	
Other fees		
Audit	1,940	4,000
Filing fees	1,357	3,202
Office	231	2,424
Amortization	1,593	2,500
Rent	0	600
Royalty fees	0	450
Allowance	1,000	0
for bad debts		
Total	\$	\$
	10,121	16,650

For the three month period ended March 31, 2013, legal, office, filing fees, and rent expense relate to costs incurred as per our contract with Browngate. This contract was cancelled in May of 2013. During the current quarter expenses are charged as incurred. Current costs have been lower than in the prior year.

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.

Subsequent Events

On May 6, 2014, the Public Company Accounting Oversight Board entered an order against the Company’s primary auditor, Robert G. Jeffrey, CPA barring him from being an associated person of a registered public accounting

firm. Accordingly, effective May 14, 2014, the Company received notice from Jeffrey & Company that it had resigned as the Company's primary auditor. Effective May 16, 2014, the Company's Board of Directors, approved Michael F. Albanese, 18 Lisa Court, Parsippany, New Jersey 07054, Telephone Number: (973) 887-8124, as the Company's primary auditor.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

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

As of March 31, 2014, we carried out an evaluation, under the supervision and with the participation of our principal executive officer and our principal financial officer of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this report.

Changes in Internal Controls

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

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

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

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

None

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Removed and Reserved.

Item 5. Other Information.

None.

Item 6. Exhibits.

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

Ex. #	Description
*3.1	Certificate of Incorporation, as filed with the Nevada Secretary of State on November 19, 2010.
*3.2	By-laws
31.1	Certification of the Company's Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013.
32.1	Certification of the Company's Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
*	Filed as an exhibit to the Company's Registration Statement on Form 10, as filed with the SEC on March 10, 2011, and incorporated herein by this reference.

