



# **AXIOLOGIX, INC.**

**A Nevada Corporation Listed on the OTC Pink Market**

Current Trading Symbol: AXLX.PK

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## **Quarterly Report**

**For the Three Months Ended August 31, 2014**

**Including Financial Statements and Disclosures**

**Prescribed by OTC Pink Market for**

**Alternative Reporting Standards.**

**Filed on October 23, 2014**

### 1) Name of the issuer and its predecessors (if any)

In answering this item, please also provide any names used by predecessor entities in the past five years and the dates of the name changes.

Axiologix, Inc. (6/6/2012 – present)  
Axiologix Education Corporation (1/17/2012 – 6/5/2012)  
VOIP ACQ, INC. (10/5/2011 – 1/17/2012)

### 2) Address of the issuer's principal executive offices

Company Headquarters:  
400 Perimeter Center Terrace NE, Suite 900  
Atlanta, GA 30346  
Telephone: 770-392-4266  
Facsimile: 770-392-4284  
Website: [www.axiologix.net](http://www.axiologix.net)

Investor Relations: [vbrowne@axiologix.net](mailto:vbrowne@axiologix.net)  
400 Perimeter Center Terrace NE, Suite 900  
Atlanta, GA 30346  
Telephone: 770-392-4266  
Facsimile: 770-392-4284  
Website: [www.axiologix.net](http://www.axiologix.net)

### 3) Security Information

Trading Symbol: AXLX.PK  
Exact title and class of securities outstanding:

#### Common Stock:

CUSIP: 05462T304  
Par or Stated Value: \$0.0001  
Total shares authorized: 8,000,000,000 as of: August 31, 2014  
Total shares outstanding: 14,763,840\* as of: August 31, 2014

\* Includes 1,994,900 restricted shares outstanding and issuable, but not physically issued as of August 31, 2014, pursuant to a third party consulting agreement.

\*Includes 1,000,000 restricted shares outstanding and issuable, but not yet physically issued, pursuant to an investment that closed on May 9, 2014.

\*Does Not include 10,000,000 restricted shares being held in escrow pursuant to a 3(a)10 transaction with IBC Funds, LLC.

#### Preferred Stock:

Par or Stated Value: \$0.001  
Total shares authorized: 10,000,000 as of: August 31, 2014  
Total shares outstanding: 966,034 as of: August 31, 2014  
Consisting of:  
Series A: 500,000  
Series B: 400,000  
Series C: 34  
Series D: 66,000

Transfer Agent  
American Stock Transfer & Trust Company, LLC  
6201 15<sup>th</sup> Avenue  
Brooklyn, NY 11219  
Telephone: 718-921-8293

Is the Transfer Agent registered under the Exchange Act?\* **Yes:** X

\*To be included in the OTC Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

List any restrictions on the transfer of security:

None

Describe any trading suspension orders issued by the SEC in the past 12 months.

None

#### **4) Issuance History**

The following events resulted in changes in total shares outstanding by the issuer in the past two year period ending on the last day of the issuer's most recent fiscal quarter:

During the three months ended August 31, 2014, the Company issued a total of 5,408,268 shares of common stock, of which: 1,505,100 shares of restricted common stock were issued for stock issuable as at May 31, 2014; 2,240,000 shares of unrestricted common stock were issued to IBC in exchange for the partial settlement of a total of \$139,391 of debt under SEC Rule 3(a)10; 700,000 shares of unrestricted common stock were issued to Ironridge in exchange for the partial settlement of an approximate total of \$802,000 worth of debt under SEC Rule 3(a)10; and 963,168 shares of unrestricted common stock were issued to a convertible note holder, reducing our principal debt obligation by \$13,066.

During the twelve months ended May 31, 2014, the Company issued a total of 5,381,280 shares of common stock. Of this amount, 1,025,000 shares of restricted common stock were issued in exchange for services rendered; 1,980,000 shares of unrestricted common stock were issued in exchange for the partial settlement of debts under SEC Rule 3(a)10; 1,267,000 shares were issued pursuant to a cash investment, and the balance, or 1,109,280 shares of unrestricted common stock were issued pursuant to the conversion of \$187,764 worth of convertible promissory notes. Additionally, the Company issued 10 shares of Series C Convertible Preferred Stock to an accredited investor in exchange for cash and 250,000 shares of Series D Convertible Preferred Stock. Also, 1,000,000 shares of restricted common stock (and warrants to purchase up to 1,000,000 shares of common stock at \$0.10 per share and having a term of 1 year) are issuable to an accredited investor in exchange for an investment of \$100,000 that closed in May of 2014. An additional 1,994,900 shares of restricted common stock are also issuable in exchange for services rendered, and 300,000 shares of common stock were returned by VOIP ACQ in exchange for amended terms to its Series A Convertible Preferred Stock. Additionally, \$10,000 worth of new convertible promissory notes were issued in exchange for cash, with conversion prices of approximately 50% discount to the Market Price of the Company's common stock.

During the twelve months ended May 31, 2013, the Company issued a total of 689,366 shares of common stock. Of this amount, 30,000 shares of restricted common stock were issued in exchange for services rendered; 309,336 shares of unrestricted common stock were issued from the conversion of \$196,542 worth of convertible promissory notes; 200,000 shares of unrestricted common stock were issued in exchange for the partial settlement of \$802,000 worth of debt under SEC Rule 3(a)(10), and the balance, or 400,000 shares of restricted common stock were issued to VOIP ACQ as part of the Contribution Agreement, described below. Additionally, 250,000 shares of restricted common stock were returned by VOIP ACQ in exchange for 500,000 shares of Series A Convertible Preferred Stock. Additionally, \$170,000 worth of new convertible promissory notes were issued in exchange for cash, with conversion prices ranging from a 20% to 50% discount to the Market Price of the Company's common stock. In addition, 400,000 shares of Series B Convertible Preferred Stock and warrants to purchase up to 11,250 shares of restricted common stock at \$12.00 per share was issued to an accredited investor in exchange for cash. In addition, 2,000 shares of Series C Convertible Preferred Stock were designated and 24 shares of Series C Convertible Preferred Stock were issued to an accredited investor in exchange for cash.

Each of the above securities offerings or transactions was made by officers and directors of the issuer and was not a registered offering. The offerings relied upon an exemption under Regulation S or Rule 4(2) of the Securities Act of 1933, as amended. The shares in these offerings or transactions were restricted (i.e., not freely tradable), where indicated above; and the certificates evidencing such shares contained a legend (1) stating that the shares have not been registered under the Securities Act of 1933, as amended, and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act of 1933, as amended.

## 5) Financial Statements

Provide the financial statements described below for the most recent fiscal year end or quarter end to maintain qualification for the OTC Pink Current Information tier. For the initial disclosure statement (qualifying for Current Information for the first time) please provide reports for the two previous fiscal years and any interim periods.

- A. Balance sheet;
- B. Statement of income;
- C. Statement of cash flows;
- D. Financial notes; and
- E. Audit letter, if audited

The financial statements requested pursuant to this item shall be prepared in accordance with US GAAP by persons with sufficient financial skills.

**The Company's unaudited financial statements for its three months ended August 31, 2014 and 2013 are attached hereto and incorporated herein as part of the Company's Quarterly Information and Disclosure Statement and filed herewith at the end of this Report. They are prepared by Company management who, via qualifications and prior direct business experience, have sufficient financial skills.**

## 6) Describe the Issuer's Business, Products and Services

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

- A. a description of the issuer's business operations;

**As of and for the three months ended August 31, 2014, we operated our business through three wholly-owned subsidiaries, Axiologix Limited, AxioComm, Inc. and iWorld Services. Axiologix Limited does business under the name Prime Carrier, and delivers Cloud based software to the international telecommunications marketplace as it has done for over ten years. AxioComm offers IP voice, data and Cloud services directly to small and medium sized enterprises throughout the United States. iWorld Services provides Cloud communication services to customers using internet calling apps for smartphones and other devices.**

**In July 2014, we suspended business activities in iWorld Services and Axiologix Limited as part of an overall group restructuring activity due to deteriorating cash flows and the continuing requirement to service the TCA credit facility. Subsequently, as part of these continuing restructuring activities, the assets of Axiologix Limited are being sold to a third party through a receivership process that will result in the winding-up of the Irish business post the asset sale. The proceeds from the sale of the assets will reduce the amounts outstanding to TCA under the facility. The iWorld services assets are expected to be redeployed as under a strategic partnership with iTeknik Holdings that will see Axiologix take an equity position in iTeknik Holdings and to receive an ongoing revenue share from these assets once redeployed.**

**Axiologix will now focus on money transfer and other financial services within the domestic United States via the existing iTeknik distributor network in the U.S. and other partner channels and also to the Middle East and African countries serviced by iWorld Services.**

- B. Date and State (or Jurisdiction) of Incorporation:

Axiologix, Inc. (previously named Axiologix Education Corporation) ("AXLX") was originally incorporated under the laws of the State of Nevada on April 29, 2009.

VOIP ACQ, INC. ("VOIP") was originally incorporated under the laws of Delaware on October 5, 2011.

On January 17, 2012, AXLX acquired substantially all of the assets and liabilities of VOIP in exchange for a total of 1,150,000,000 shares of AXLX's restricted common stock pursuant to a definitive Contribution Agreement dated November 30, 2011 by and among AXLX and VOIP (the "Contribution Agreement"). Although AXLX is the legal acquirer, for accounting purposes VOIP is the accounting acquirer and the transaction was accounted for as a reverse merger.

C. the issuer's primary and secondary SIC Codes;

- ☐ Primary SIC # 4813 and 7372
- ☐ Secondary SIC #4813-02

D. the issuer's fiscal year end date;

**May 31<sup>st</sup>**

E. principal products or services, and their markets;

- ☐ Cloud based software provided to the international telecommunications marketplace.
- ☐ IP voice, data and Cloud services provided directly to small and medium sized businesses throughout the United States.

## **7) Describe the Issuer's Facilities**

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The Company leases office space for its headquarters on a yearly basis, with renewal options, from Regus. The office is currently located at 400 Perimeter Center Terrance NE, Suite 900, Atlanta, GA 30346.

## **8) Officers, Directors, and Control Persons**

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant shareholders.

A. Names of Officers, Directors, and Control Persons. In responding to this item, please provide the names of each of the issuer's executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), **as of the date of this information statement.**

**Chief Executive Officer, CFO, Corporate Secretary and Director:**  
**President and Director:**  
**Control Persons:**

**Vincent Browne**  
**Dennis Mitrano**  
**Darjon Investments, Ltd.**  
**Ironridge Global IV, Ltd.**  
**IBC Funds, LLC**

**Vincent Browne**, *Chief Executive Officer, Chief Financial Officer, Corporate Secretary and Chairman of the Board of Directors, age 46.*

Mr. Browne became Chief Executive Officer, Chief Financial Officer, Corporate Secretary and Chairman of the Board of AXLX on January 17, 2012. Mr. Browne is also currently Chairman of the Board, Corporate Secretary and acting Chief Financial Officer for Flint Telecom Group, Inc. ("Flint") and has served in that capacity since October 2008. Mr. Browne was Chief Financial Officer and a member of the Board of Directors of World Assurance Group, Inc. from January 2013 until March of 2014. Mr. Browne has over 20 years experience in the ICT sector. During this time he has served at senior management levels in large multinationals and public companies. Prior to founding Flint, Mr. Browne was Head of Procurement with Esat Telecom Group, Ireland's leading competitive operator and quoted on NASDAQ. In this position, Mr. Browne managed annual expenditure in excess of \$250 million and also managed the Carrier Services division with responsibility for unit profitability as well as supporting retail sales and subscriber acquisition programs. Esat Telecom was purchased by British Telecom in June 2000. Prior to that, Mr. Browne was with Siemens in Ireland managing the Products Business Segment with annual revenues in excess of \$50 million and 8 years of profitability. He holds a Bachelor of Commerce degree from University College Dublin and is a regular contributor in commercialization of research and technology projects with the Technology and Enterprise Campus at Trinity College Dublin.

**Dennis Mitrano, age 58.** Mr. Mitrano became President of AXLX on March 1, 2014. Effective September 21, 2012, Dennis Mitrano was elected as a director of the Company. Mr. Mitrano is also currently President & CEO for Realistic Solutions, Inc. and has served in that capacity since July 1992. Mr. Mitrano has over 30 years experience bringing technologies and companies to market. Prior to joining AXLX, Mr. Mitrano was President with DayStar Communications since January 2011 and will remain in that position through the closing date of its pending acquisition, which is anticipated to be September 29, 2012. Prior to that, from April 2007 to January of 2011, Mr. Mitrano was with Intellectual Property Partners in the capacity of Partner. Mr. Mitrano holds an MBA from George Washington University, majoring in Finance and International Business, and received a Bachelor of Science in Finance from Virginia Tech. He is currently on the advisory boards of two early stage firms, is an Executive Advisory Board member of ATP (Association for Telecom Professionals) and has been involved with TAG (Technology Association of Georgia) for over 10 years. Mr. Mitrano is also a member of the Turnaround Management Association.

**B. Legal/Disciplinary History.** Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

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

Mr. Browne is currently a defendant in a case in Ireland being brought by the Irish Pensions board for alleged breach of certain sections of the Pensions Act. Mr. Browne denies all allegations and is defending himself against all such claims.

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

**No**

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

**No**

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

**No**

**C. Beneficial Shareholders.** Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

**Darjon Investments, Ltd.: 60% Beneficial Shareholder of Issuer**

**Address: 4 Cubes 1, Beacon South Quarter, Sandyford, Dublin 18, Ireland.**

**Vincent Browne: holds dispositive voting and investment control of Darjon through his spouse.**

**Address: c/o 4 Cubes 1, Beacon South Quarter, Sandyford, Dublin 18, Ireland.**

## **9) Third Party Providers**

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

Other Advisor: Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement.

Name: Taliesin Durant  
Firm: DART Business Services, LLC  
Address 1: 16192 Coastal Highway  
Address 2: Lewes, DE 19958  
Email: [tali@dart-services.com](mailto:tali@dart-services.com)

## 10) Issuer Certification

I, Vincent Browne, certify that:

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

October 23, 2014

A handwritten signature in black ink, appearing to read 'V. Browne', with a long horizontal line extending to the right.

Vincent Browne

Chief Executive Officer and Chief Financial Officer

**AXIOLOGIX, INC. & SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF AND FOR THE THREE MONTHS**  
**ENDED AUGUST 31, 2014**



**AXIOLOGIX, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
*Prepared by Management*  
(Unaudited)

	<u>August 31,</u> <u>2014</u>	<u>May 31,</u> <u>2014</u>
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Total cash and cash equivalents	24,103	66,137
Trade receivables (net of provisions of \$161,673)	121,452	137,780
Current Assets	145,555	203,918
Equipment and IP (Net)	151,700	151,700
Intangible assets and goodwill (Net)	3,096,542	3,098,300
<b>Total Assets</b>	<b>\$3,393,797</b>	<b>\$3,453,918</b>
<b><u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u></b>		
<b>Payables within 1 year</b>		
Accounts payable and accrued liabilities	3,092,051	2,782,944
Accrued interest payable	254,189	217,007
Convertible notes payable, third party - net of discount	163,457	176,524
Convertible notes payable, related parties - net of discount	-	-
Notes Payable - third parties	124,008	158,444
Notes Payable - related parties	19,788	19,788
Embedded note derivative liability	397,797	389,083
Series C Preferred dividends payable	71,456	53,202
Deferred revenue	175,238	276,357
Stock Payable	1,791,087	1,167,429
Secured Revolving Credit Facility	1,950,812	1,922,738
Series B Redeemable Preferred shares	400,000	400,000
Loan Notes Issued to IWS shareholders (Current)	1,100,000	550,000
<b>Total Liabilities</b>	<b>9,539,883</b>	<b>8,113,517</b>
<b>Payables after 1 year</b>		
Loan Notes Issued to IWS shareholders	1,650,000	2,200,000
<b>Temporary Equity</b>		
Series D Convertible Preference Shares	2,500,000	2,500,000
<b>Stockholders' Equity</b>		
Series A Convertible preferred shares	10,000	10,000
Series C Convertible preferred shares	340,000	340,000
Common stock issuable	299,490	450,000
Common stock, \$0.0001 par value; 8,000,000 shares authorized, 11,768,490 and 6,360,222 shares issued and outstanding, as of August 31, 2014 and May 31, 2014, respectively	1,176	636
Additional paid in capital	8,082,811	7,820,006
Other Comprehensive Income / (Loss)	(3,304)	3,565
Accumulated deficit	(19,026,259)	(17,983,806)
<b>Total Stockholders' Equity / (Deficit)</b>	<b>(10,296,086)</b>	<b>(9,359,599)</b>
<b>Total Liabilities and Stockholders' Deficit</b>	<b>\$3,393,797</b>	<b>\$3,453,918</b>

See accompanying notes to the consolidated financial statements.

**AXIOLOGIX, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

*Prepared by Management*

(Unaudited)

	For the Three months ended	
	August 31, 2014	August 31, 2013
<b>Revenues</b>	\$359,792	\$187,336
Cost of revenues	(137,038)	(14,704)
Gross profit (loss)	222,754	172,632
<b>Operating expenses</b>		
Sales and general administrative	380,347	271,942
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	(157,593)	(99,310)
		-
<b>Operating Income</b>	(157,593)	(99,310)
<b>Other (income) expense</b>		
Interest expense	144,462	7,216
Loss on stock payable valuation	740,300	829,858
(Gain) loss on foreign exchange	99	(1,876)
<b>Net Profit (loss)</b>	<b>\$(1,042,453)</b>	<b>\$(934,508)</b>
Series C preferred shares dividends	\$(18,254)	\$(11,050)
<b>Net profit (loss) attributable to common stockholders</b>	<b>\$(1,060,708)</b>	<b>\$(945,558)</b>
Foreign currency translation gain (loss)	-	39,312
<b>Total comprehensive loss</b>	<b>\$(1,060,708)</b>	<b>\$(906,246)</b>
<b>Net loss per share - basic and diluted</b>	<b>(\$0.13)</b>	<b>(\$0.77)</b>
<b>Weighted average shares outstanding</b>		
Basic and diluted	8,408,356	1,213,879

See accompanying notes to the consolidated financial statements.

**AXIOLOGIX, INC. AND SUBSIDIARIES**  
**STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT) AND OTHER COMPREHENSIVE LOSS**  
*Prepared by Management*  
(Unaudited)

	Preferred stock		Common stock		Common stock issuable		Additional paid-in capital	AOCI	Accum. deficit	TOTAL
	Shares	Amount	Shares	Amount	Shares	Amount				
<b>Balances at May 31, 2014</b>	<b>500,034</b>	<b>\$350,000</b>	<b>6,360,222</b>	<b>\$636</b>	<b>4,500,000</b>	<b>\$450,000</b>	<b>\$7,820,006</b>	<b>\$3,565</b>	<b>\$(17,983,806)</b>	<b>\$(9,359,599)</b>
Conversion of debt and other payables			963,168.00	96			14,351			\$14,447
Stock issued for stock payable - Ironridge			700,000.00	70			21,490			\$21,560
Stock issued for stock payable - IBC Funds			2,240,000.00	224			94,858			\$95,082
Stock issuable issued			1,505,100.00	150	(1,505,100)	(150,510)	150,360			\$-
Series C Preferred Dividends							(18,254)			\$(18,254)
Foreign exchange translations								(6,869)		\$(6,869)
Net profit / (loss) for the period									(1,042,453)	\$(1,042,453)
<b>Balances at August 31, 2013</b>	<b>500,034</b>	<b>\$350,000</b>	<b>11,768,490</b>	<b>\$1,176</b>	<b>2,994,900</b>	<b>\$299,490</b>	<b>\$8,082,810</b>	<b>\$(3,304)</b>	<b>\$(19,026,259)</b>	<b>\$(10,296,086)</b>

See accompanying notes to consolidated financial statements.

**AXIOLOGIX, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**  
*Prepared by Management*  
(Unaudited)

	For the three months ended	
	August 31, 2014	August 31, 2013
<b>Cash Flows from Operating Activities:</b>		
Net loss	\$(1,042,453)	\$(934,508)
<i>Adjustments to reconcile net loss to net cash used in operations</i>		
Amortization of debt discount	64,074	35,640
Change in embedded derivative liability	8,714	-
Change in fair value of stock payable	740,300	829,858
<i>Changes in assets and liabilities, net of acquisition and disposals:</i>		
Accounts receivable and prepaid expenses	18,086	25,830
Accounts payable & accrued liabilities	347,667	29,153
Deferred revenue	(101,118)	(14,875)
<b>Net cash (used) generated from operating activities</b>	<b>35,270</b>	<b>(28,902)</b>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from sale of Series C preferred shares	-	50,000
Proceeds from sale of convertible debt	-	10,000
Proceeds from sale of debt	-	15,000
Principal payments on line of credit with TCA	(36,000)	-
Principal payments on debt	(34,436)	-
<b>Net cash provided (used) by financing activities</b>	<b>(70,436)</b>	<b>75,000</b>
<b>Cash Flows From Foreign Currency Activities:</b>		
Exchange gain (loss) on translation of foreign assets	(6,869)	(39,312)
<b>Net cash provided by (used in) foreign currency activities</b>	<b>(6,869)</b>	<b>(39,312)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(42,034)</b>	<b>6,786</b>
Cash and cash equivalents, beginning of the period	66,137	7,076
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 24,103</b>	<b>\$ 13,862</b>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURE:</b>		
Cash paid for interest	\$51,866	\$-
Cash paid for taxes	\$-	\$-

See accompanying notes to consolidated financial statements.

**AXIOLOGIX, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**  
**SUPPLEMENTAL DISCLOSURES**  
*Prepared by Management*  
(Unaudited)

	<b>For the three months Ended August 31, 2014</b>	<b>For the three months Ended August 31, 2013</b>
Common stock issued for conversion of notes payable and accrued interest	\$ 14,447	\$ 50,940
Common stock issued for stock payable	\$ 116,642	\$ 115,000
Common stock issuable issued in period	\$ 150,510	\$ -
Debt discount related to notes payable	\$ 8,714	\$ 10,000
Dividends on Preferred Series C shares	\$ 18,254	\$ 2,566

See accompanying notes to the consolidated financial statements.

**AXIOLOGIX, INC. & SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 1 – ORGANIZATION AND BUSINESS OPERATIONS**

Axiologix, Inc. (“AXLX”, “We” or the “Company”) is incorporated under the laws of Nevada, USA. We were originally incorporated on October 5, 2011 in Delaware as VOIP ACQ, INC.

On December 5, 2011, the Company acquired substantially all of the assets and liabilities of VOIP ACQ, Inc. (“VOIP”) in exchange for a total of 575,000 shares of our restricted common stock (the “Shares”) pursuant to a definitive Contribution Agreement dated November 30, 2011 among AXLX and VOIP (the “Contribution Agreement”). VOIP has a number of agreements to acquire part or all of the issued share capital of a number of potential acquisitions in the VoIP and Cloud Services markets. Although AXLX is the legal acquirer, for accounting purposes VOIP is the accounting acquirer. The pre-existing educational software and on-line services operations were housed in a wholly owned subsidiary, Axiologix Holdings Inc., and were subsequently sold in May of 2012.

Effective September 14, 2012 we changed our name to Axiologix, Inc.

Following completion of the reverse merger with VOIP Axiologix has focused on Cloud technologies and services beyond the education market. As part of this new strategy, on March 5, 2012 the Company consolidated a cloud services company in Ireland, Prime Carrier, which was an entity under common control with VOIP at the time of acquisition. A key area of the new strategy is to build a U.S. nationwide provider of VoIP (Voice over Internet Protocol) telecom and data services, currently the largest Cloud services market globally. This entity has been consolidated since inception due to it being under common control with VOIP in line with ASC 805.

In November of 2012, the Company incorporated a new wholly owned subsidiary in Delaware, named AxioComm, Inc. AxioComm was formed to partner with strategic partners in order to offer retail hosted IP Voice, data and cloud services to small and medium sized business customers using strategic partner relationships.

On April 24, 2014 we affected a 1-for-2,000 reverse stock split of our issued and outstanding common stock.

As of and for the three months ended August 31, 2014, we operated our business through three wholly-owned subsidiaries, Axiologix Limited, AxioComm, Inc. and iWorld Services. Axiologix Limited does business under the name Prime Carrier, and delivers Cloud based software to the international telecommunications marketplace as it has done for over ten years. AxioComm offers IP voice, data and Cloud services directly to small and medium sized businesses throughout the United States. iWorld Services provides market specific turnkey hosted solutions for VoIP resellers, distributors, and small medium businesses globally.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of presentation***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

***Reclassification***

Certain amounts from prior periods have been reclassified to conform to the current period presentation. There is no effect on net loss, cash flows or stockholders’ deficit as a result of these reclassifications.

***Use of estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are adjusted to reflect actual experience when necessary. Significant estimates and assumptions affect many items in the financial statements. These include estimates of fair value of common stock and related impact to stock-based compensation. Actual results may differ from those estimates and assumptions, and such results may affect income, financial position or cash flows.

***Cash and cash equivalents***

The Company considers all highly liquid instruments purchased with maturity of three months or less to be cash equivalents. There were no cash equivalents at August 31, 2014. The Company minimizes its credit risk associated with cash by periodically evaluating

the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. At August 31, 2014 the balance did not exceed the federally insured limit.

### ***Risks and Uncertainties***

The Company's operations are subject to significant risk and uncertainties including financial, operational, technological, and regulatory risks including the potential risk of business failure. Also see Note 3 regarding going concern matters.

### ***Derivative Financial Instruments***

In accordance with Statement of Financial Accounting Standard ASC 820- 10-35-37 "*Fair Value in Financial Instruments*" and ASC 815 "*Accounting for Derivative Instruments and Hedging Activities*", all derivatives have been recorded on the balance sheet at fair value based on the lattice model calculation. These derivatives, including embedded derivatives in the Company's warrants, and its Convertible Notes issued in 2012, 2013, and 2014, which have reset provisions to the exercise price and conversion price if the Company issues equity or other notes at a price less than the exercise price set forth in such warrants and notes, are separately valued and accounted for on the Company's balance sheet. Fair values for exchange traded securities and derivatives are based on quoted market prices. Where market prices are not readily available, fair values are determined using market based pricing models incorporating readily observable market data and requiring judgment and estimates.

### ***Lattice Valuation Model***

The Company valued the warrants and conversion features in their convertible notes using a lattice valuation model, with the assistance of a valuation consultant. The lattice model values these instruments based on a probability weighted discounted cash flow model. The Company uses the model to develop a set of potential scenarios. Probabilities of each scenario occurring during the remaining term of the instruments are determined based on management's projections and the expert's calculations. These probabilities are used to create a cash flow projection over the term of the instruments and determine the probability that the projected cash flow will be achieved. A discounted weighted average cash flow for each scenario is then calculated and compared to the discounted cash flow of the instruments without the compound embedded derivative in order to determine a value for the compound embedded derivative.

### ***Fair Value of Financial Instruments***

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, inventory, accounts payable and accrued liabilities. The estimated fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

The Company utilizes various types of financing to fund its business needs, including convertible debt with warrants attached. The Company reviews its warrants and conversion features of securities issued as to whether they are freestanding or contain an embedded derivative and, if so, whether they are classified as a liability at each reporting period until the amount is settled and reclassified into equity with changes in fair value recognized in current earnings. At August 31, 2014, August 31, 2013 and May 31, 2014, the Company had warrants to purchase common stock, the fair values of which are classified as a liability.

Inputs used in the valuation to derive fair value are classified based on a fair value hierarchy which distinguishes between assumptions based on market data (observable inputs) and an entity's own assumptions (unobservable inputs).

The hierarchy consists of three levels:

- Level one — Quoted market prices in active markets for identical assets or liabilities;
- Level two — Inputs other than level one inputs that are either directly or indirectly observable; and
- Level three — Unobservable inputs developed using estimates and assumptions, which are developed by the reporting entity and reflect those assumptions that a market participant would use.

Determining which category an asset or liability falls within the hierarchy requires significant judgment. The Company evaluates its hierarchy disclosures each quarter. The Company's only asset or liability measured at fair value on a recurring basis is its derivative liability associated with warrants to purchase common stock and preferred stock.

The fair value of the derivative liability at August 31, 2014 and 2013 was \$397,797 and \$626,447, respectively. The loss on derivative liability for the three months ended August 31, 2014 was \$740,300 compared to a loss on derivative liability of \$829,858 for the three months ended August 31, 2013.

### ***Loss per share***

In accordance with accounting guidance now codified as FASB ASC Topic 260, "*Earnings per Share*," basic earnings (loss) per share is computed by dividing net income (loss) by weighted average number of shares of common stock outstanding during each period. Diluted earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during the period.

Since the Company reflected a net loss for the three month periods ended August 31, 2014 and the three months ended August 31, 2013, the effect of considering any common stock equivalents, if outstanding, would have been anti-dilutive. A separate computation of diluted earnings (loss) per share is not presented.

Warrants to purchase an aggregate of up to 11,250 shares of restricted common stock at \$12.00 per share, having a five year term, standard anti-dilution and a cashless exercise provision were issued on July 31, 2012. The exercise price of these warrants was reduced to \$0.10 per share on November 21, 2013, and 225,000 additional warrants were issued, also at an exercise price of \$0.10 per share. Additionally, warrants to purchase up to 250,000 shares of common stock at \$4.00 per share were issued in January of 2012 and warrants to purchase up to 1,000,000 shares of common stock at \$0.10 per share were issued on May 9, 2014, having a one year term.

No warrants have been exercised as of August 31, 2014.

	For the Three Months Ended	
	August 31, 2014	August 31, 2013
Net loss attributable to common stockholders	\$(1,060,708)	\$(945,558)
Net loss per share – basic and diluted	(\$0.13)	(\$0.77)
Weighted average number of shares outstanding – basic and diluted	8,408,356	1,213,879

The securities listed below were not included in the computation of diluted earnings per share as the effect from their conversion would have been anti-dilutive:

Security	Common Stock Equivalent	
	August 31, 2014	August 31, 2013
Series A convertible preferred shares	161,686,578	250,000
Series B convertible preferred shares	11,428,571	400,000
Series C convertible preferred shares	212,500	181,250
Series D convertible preferred shares	71,428,571	-
Convertible notes payable	9,340,419	1,601,695
Outstanding warrants and options to purchase common stock	3,612,500	261,250
<b>Total</b>	<b>257,709,139</b>	<b>2,694,195</b>

### ***Share Based Payments***

All forms of share-based payments, including stock option grants, restricted stock grants and stock appreciation rights, are measured at their fair value on the awards' grant date, and based on the estimated number of awards that are ultimately expected to vest. Share-based payment awards issued to non-employees for services rendered are recorded at either the fair value of the services rendered or the fair value of the share-based payment, whichever is more readily determinable. The expense resulting from share-based payments are recorded as non-cash stock based compensation, which is an operating expense.

### ***Beneficial conversion features***

From time to time, the Company may issue convertible notes that may contain an imbedded beneficial conversion feature. A beneficial conversion feature exists on the date a convertible note is issued when the fair value of the underlying common stock to which the note is convertible into is in excess of the remaining unallocated proceeds of the note after first considering the allocation of a portion of the note proceeds to the fair value of the warrants, if related warrants have been granted. The intrinsic value of the beneficial conversion feature is recorded as a debt discount with a corresponding amount to additional paid in capital. The debt discount is amortized to interest expense over the life of the note using the effective interest method.

### ***Impairment of Long-Lived Assets***

The Company has adopted Accounting Standards Codification subtopic 360-10, Property, Plant and Equipment ("ASC 360-10"). ASC 360-10 requires that long-lived assets and certain identifiable intangibles held and used by the Company be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company evaluates its long-lived assets for impairment annually or more often if events and circumstances warrant. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses or a forecasted inability to achieve break-even operating results over an extended period. The Company evaluates the recoverability of long-lived assets based



upon forecasted undiscounted cash flows. Should impairment in value be indicated, the carrying value of long-lived assets will be adjusted, based on estimates of future discounted cash flows resulting from the use and ultimate disposition of the asset. ASC 360-10 also requires assets to be disposed of be reported at the lower of the carrying amount or the fair value less costs to sell.

### ***Revenue Recognition***

The Company recognizes revenue in accordance with accounting principles generally accepted in the United States of America. Net revenue is derived from the sale of products and services to third parties and any intercompany sales in the period are eliminated on consolidation. The Company generally recognizes revenue when persuasive evidence of a sales arrangement exists, delivery has occurred or services are rendered and the sales price or fee is fixed or determinable and collectability is reasonably assured.

Axiologix operates a number of subsidiaries in two business segments that may have specific revenue recognition policies relating to their business. Revenue recognition policies for each segment and business type are outlined below.

### ***Software Licensing:***

In the case of software licensing for Axiologix Ireland, software or technology license revenues are recognized when the service(s) are delivered in line with contract terms. Sales related to services where the Company may have to provide future support or warranty services associated with the transaction are deferred at sale and recognized as revenue evenly over the life of the contractual term that such support or warranty applies. For the twelve months ended May 31, 2014, 100% of revenues generated from this segment was generated from Axiologix Ireland.

### ***VoIP Communications:***

The Company currently operates two businesses Axiocomm Inc and iWorld Services that provide telecom products and services. iWorld Services is a provider of prepaid IP calling services to consumers primarily outside the United States via smartphone apps. Cash received from customers is initially recorded as deferred and subsequently recognized as revenue when minutes used by customers are appropriately rated for the calls made by customers and deducted from the prepaid funds balance. iWorld Services is obligated to deliver service to end customers for active accounts until the prepaid balance is fully used and therefore records accrues unused minute costs for activated cards and active accounts at the end of each period. For the three months ended August 31, 2014, 99% of revenues generated from this segment were generated from iWorld Services.

### ***Prepaid Expenses***

The Company has capitalized any pre-payments pursuant to consulting agreements and deferred financing costs. The prepaid expenses and financing costs are amortized over the term of the consulting agreements or in line with the specific performance milestones within the agreements.

### ***Property and Equipment***

Property and equipment are stated at cost. The Company amortizes the cost of property and equipment Straight line over the estimated useful lives indicated below:

Computer equipment	straight-line basis	- 3 years
Furniture and equipment	straight-line basis	- 5 years
Acquired IP and software	straight-line basis	- 8 years

### ***Intangible Assets***

Intangible assets are amortized using the straight-line method over their estimated period of benefit of fifteen years. We evaluate the recoverability of intangible assets periodically and take into account events or circumstances that warrant revised estimates of useful lives or that indicate that impairment exists. All of our intangible assets are subject to amortization.

### ***Goodwill***

The Company evaluates the carrying value of goodwill during the fourth quarter of each year and between annual evaluations if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Such circumstances could include, but are not limited to (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator. When evaluating whether goodwill is impaired, the Company compares the fair value of the reporting unit to which the goodwill is assigned to the reporting unit's carrying amount, including goodwill. The fair value of the reporting unit is estimated using a combination of the income, or discounted cash flows, approach and the market approach, which utilizes comparable companies' data. If the carrying amount of a reporting unit exceeds its fair value, then the amount of the impairment loss must be measured. The impairment loss would be calculated by comparing the implied fair value of reporting unit goodwill to its carrying amount. In calculating the implied fair value of reporting unit goodwill, the fair value of the reporting unit is allocated to all of the other assets and liabilities of that unit based on their fair values. The excess of the fair value of a reporting unit over the amount assigned to its other assets and liabilities is the implied fair value of goodwill. An impairment loss would be recognized when the carrying amount of goodwill exceeds its implied fair value.

The Company recorded value of \$3,098,300 for Goodwill as at August 31, 2014.

***Comprehensive Loss***

ASC 220, “*Comprehensive Income*,” establishes standards for the reporting and presentation of comprehensive income (loss) and its components in the financial statements. As at August 31, 2014 the Company reported \$6,869 in comprehensive loss, representing the translation difference for foreign currency assets held into U.S. Dollars in the group balance sheet.

***Foreign Currency Translation***

The Company’s functional currency is U.S. Dollars. Axiologix Limited, a wholly owned and integrated foreign subsidiary uses Euros as its functional currency. As a result, monetary balance sheet items expressed in foreign currencies are translated into US dollars at the exchange rates in effect at the respective balance sheet date. Resultant gains or losses on translation are reported after net income and before comprehensive income.

Revenues and expenses are translated at the weighted average or the period, except for amortization, which is translated on the same basis as the related asset. Resultant gains or losses on exchange are reported before net income.

***Income Taxes***

The Company recognizes deferred tax assets and liabilities based on differences between the financial reporting and tax bases of assets and liabilities using the enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered. The Company provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

**NOTE 3 – GOING CONCERN**

As reflected in the accompanying financial statements, the Company has a net loss of \$1,042,453 for the three months ended August 31, 2014. Net cash generated from operations was \$35,270 for the three months ended August 31, 2014. The Company had a working capital deficit of \$9,394,328 and a stockholders’ deficit of \$10,296,086 at August 31, 2014.

As a result, the accompanying financial statements do not include any adjustments related to recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the company be unable to continue as a going concern.

The Company plans to seek additional funds to finance its immediate and long-term operations and business plan through debt and/or equity financing. The successful outcome of future financing activities cannot be determined at this time and there is no assurance that if achieved, the Company will have sufficient funds to execute its intended business plan.

ULTIMATELY, THE COMPANY’S ABILITY TO CONTINUE AS A GOING CONCERN IS DEPENDENT UPON ITS ABILITY TO ATTRACT NEW SOURCES OF CAPITAL, COMPLETE PLANNED ACQUISITIONS AND EXPLOIT THE GROWING CLOUD COMMUNICATIONS AND MOBILE PAYMENTS MARKETS IN ORDER TO ATTAIN A REASONABLE THRESHOLD OF OPERATING EFFICIENCY AND ACHIEVE SUSTAINED PROFITABLE OPERATIONS.

**NOTE 4 – FAIR VALUE DERIVATIVE LIABILITIES**

The Company has categorized its assets and liabilities recorded at fair value based upon the fair value hierarchy specified by GAAP. All assets and liabilities are recorded at historical cost that approximates fair value, and therefore, no items were valued according to these inputs.

The levels of fair value hierarchy are as follows:

- Level 1 inputs utilize unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access;
- Level 2 inputs utilize other-than-quoted prices that are observable, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs such as interest rates and yield curves that are observable at commonly quoted intervals; and
- Level 3 inputs are unobservable and are typically based on our own assumptions, including situations where there is little, if any, market activity.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the Company categorizes such financial asset or liability based on the lowest level input that is significant to the fair value measurement

in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Both observable and unobservable inputs may be used to determine the fair value of positions that are classified within the Level 3 category. All assets and liabilities are at cost, which approximates fair value and there are not items that were required to be valued on a non-recurring basis.

The Company evaluated the conversion feature embedded in the convertible notes to determine if such conversion feature should be bifurcated from its host instrument and accounted for as a freestanding derivative. Due to the note not meeting the definition of a conventional debt instrument because it contained a diluted issuance provision and variable conversion price subject to market prices, the convertible notes were accounted for in accordance with ASC 815. According to ASC 815, the derivatives associated with the convertible notes were recognized as a discount to the debt instrument, and the discount is being amortized over the life of the note and any excess of the derivative value over the note payable value is recognized as additional interest expense at issuance date. The Company also evaluated all common stock equivalents to determine if these instruments were tainted due to the embedded derivative. Further, and in accordance with ASC 815, the embedded derivatives are revalued at each balance sheet date and marked to fair value with the corresponding adjustment as a “gain or loss on change in fair value of derivatives” in the statement of operations.

As of August 31, 2014 the fair value of the embedded derivatives included on the accompanying balance sheet was \$397,797. During the three months ended August 31, 2014, the Company recognized a \$740,300 loss for changes in fair value of derivative liability. As of August 31, 2013 the fair value of the embedded derivatives included on the accompanying balance sheet was \$626,477. During the three months ended August 31, 2013, the Company recognized a \$829,858 loss for changes in fair value of derivative liability.

Key assumptions used in the valuation of derivative liabilities associated with the convertible notes at August 31, 2014 were as follows:

- The underlying stock price was used as the fair value of the common stock;
- The Note face amounts as of issuance and assignment; conversion or payment; and the quarter's end effectively convert at a discount in the range 50% to 68.01% for the 50% conversion rates and 75% to 83.48% for the 25% conversion rate.
- Capital raising events were not a factor since there are no reset features in any of these notes;
- The Holder would redeem based on availability of alternative financing, 10% of the time increasing 1.0% monthly to a maximum of 20%;
- The Holder would automatically convert the note at maturity if the registration was effective and the company was not in default;
- The projected annual volatility for each valuation period was based on the historic volatilities of the Company in the range 341% to 409% and detailed in the Appendix.
- An event of default would occur 5% of the time, increasing 1.00% per month to a maximum of 10% – to-date the 2 notes in default have been converted by the holder.

## **NOTE 5 – IRONRIDGE - 3(a)10 Transaction**

On February 22, 2013, AXLX and Ironridge Global IV, Ltd (“IV”) settled \$802,889 in AXLX accounts payable, now owned by IV, in exchange for shares of AXLX common stock. Pursuant to an order approving stipulation for settlement of claims between IV and AXLX, IV is entitled to receive 10 million common shares plus that number of shares with an aggregate value equal to the debt amount plus a 10% third-party agent fee, and reasonable attorney fees, divided by 70% of the following: the closing price of AXLX's common stock on the date prior to entry of the order, not to exceed the arithmetic average of the individual daily volume weighted average prices of any five trading days during a period equal to that number of consecutive trading days following the date of initial receipt of shares required for the aggregate trading volume to exceed \$9 million.

IV received an initial issuance of 75,000 unrestricted AXLX common shares, and as of August 31, 2014, IV has received a total of 2,815,000 unrestricted AXLX common shares, and may be required to return or be entitled to receive additional shares, based on the calculation summarized in the prior paragraph. For purposes of calculating the percent of class, the reporting persons have assumed that there were a total of 71,768,545 shares of common stock outstanding immediately prior to the issuance of shares to IV, such that the shares initially issued to IV would represent approximately 9.99% of the outstanding common stock after such issuance. IV is prohibited from receiving any shares of common stock that would cause it to be deemed to beneficially own more than 9.99% of the issuer's total outstanding shares at any one time.

In connection with the transaction, IV agreed not to hold any short position in the issuer's common stock, and not to engage in or effect, directly or indirectly, any short sale until at least 180 days after the end of the calculation period.

IV is not a registered broker-dealer or an affiliate of a registered broker-dealer. Voting and dispositive power with respect to shares of common stock owned by IV is exercised by Peter Cooper, Director. However, for so long as IV holds any shares, it is prohibited from, among other actions: (1) voting any shares of issuer common stock owned or controlled by them, exercising any dissenter's rights, executing or soliciting any proxies or seeking to advise or influence any person with respect to any voting securities of the issuer; (2) engaging or participating in any actions or plans that relate to or would result in, among other things, (a) acquiring additional securities of the issuer, alone or together with any other person, which would result in them collectively beneficially

owning or controlling, or being deemed to beneficially own or control, more than 9.99% of the total outstanding common stock or other voting securities of the issuer, (b) an extraordinary corporate transaction such as a merger, reorganization or liquidation, (c) a sale or transfer of a material amount of assets, (d) changes in the present board of directors or management of the issuer, (e) material changes in the capitalization or dividend policy of the issuer, (f) any other material change in the issuer's business or corporate structure, (g) actions which may impede the acquisition of control of the issuer by any person or entity, (h) causing a class of securities of the issuer to be delisted, (i) causing a class of equity securities of the issuer to become eligible for termination of registration; or (3) any actions similar to the foregoing. We believe our offering and sale of the securities in the above transaction, made only to an accredited investor, was exempt from registration under Section 3(a)(10) of the Securities Act.

As per FASB ASC 480, we recorded a stock payable liability of \$1,673,146 and a loss on stock payable of \$736,913 at August 31, 2014 to account for the fair market value of the shares still due to Ironridge under the agreement.

#### **NOTE 6 – IBC 3(a)10 Transaction:**

On May 16, 2014, IBC Funds LLC ("IBC") and the issuer settled \$139,391.16 in accounts payable of the issuer now owned by IBC, in exchange for shares of common stock of the issuer. Pursuant to an order approving stipulation for settlement of claims between IBC and the issuer, IBC is entitled to receive that number of shares with an aggregate value equal to the debt amount multiplied by 55% of the lowest sale price over the previous 15 trading days from an IBC share request.

IBC received an initial issuance of 200,000 unrestricted common shares, and during the three months ended August 31, 2014, IBC had received 2,240,000 common shares, for a total of 2,640,000 common shares as of August 31, 2014, and may be required to return or be entitled to receive additional shares, based on the calculation summarized in the prior paragraph. For purposes of calculating the percent of class, the reporting persons have assumed that there were a total of 4,522,845 shares of common stock outstanding immediately prior to the issuance of shares to IBC, such that the shares initially issued to IBC would represent approximately 4.99% of the outstanding common stock after such issuance. IBC is prohibited from receiving any shares of common stock that would cause it to be deemed to beneficially own more than 9.99% of the issuer's total outstanding shares at any one time.

IBC is not a registered broker-dealer or an affiliate of a registered broker-dealer. Voting and dispositive power with respect to shares of common stock owned by IBC is exercised by Samuel Oshana. However, for so long as IBC holds any shares, it is prohibited from voting any shares of Common Stock owned or controlled by it (unless voting in favor of a proposal approved by a majority of Company's Board of Directors), or solicit any proxies or seek to advise or influence any person with respect to any voting securities of Company; in favor of (1) an extraordinary corporate transaction, such as a reorganization or liquidation, involving Company or any of its subsidiaries, (2) a sale or transfer of a material amount of assets of Company or any of its subsidiaries, (3) any material change in the present capitalization or dividend policy of Company, (4) any other material change in Company's business or corporate structure, (5) a change in Company's charter, bylaws or instruments corresponding thereto (6) causing a class of securities of Defendant to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association, (7) causing a class of equity securities of Company to become eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934, as amended, (8) terminating its Transfer Agent (9) taking any action which would impede the purposes and objects of this Settlement Agreement or (10) taking any action, intention, plan or arrangement similar to any of those enumerated above. Nothing in this section shall be deemed to exclude strategic decisions by Company made in an effort to expand the Company except as expressly stated herein. The provisions of this paragraph may not be modified or waived without further order of the Court. We believe our offering and sale of the securities in the above transaction, made only to an accredited investor, was exempt from registration under Section 3(a)(10) of the Securities Act.

As per FASB ASC 480, we recorded a stock payable liability of \$117,939 and a loss on stock payable of \$3,387 at August 31, 2014 to account for the fair market value of the shares still due to IBC under the agreement.

#### **NOTE 7 - IRONRIDGE – SERIES C PREFERRED STOCK PURCHASE TRANSACTION**

On May 1, 2013 Axiologix, Inc. ("We" or "Our") entered into a Stock Purchase Agreement with an accredited investor, Ironridge Technology Co. (the "Investor"), under which the Investor will purchase up to a total aggregate of US \$7,500,000.00 in shares of convertible, redeemable Series C Preferred Stock, convertible into shares of Common Stock at fixed price of \$1.60 per share, with each preferred share worth \$10,000 (the "Series C Preferred Stock"). The Series C Preferred Stock carries an 8% per annum adjustable dividend, payable in cash or shares of our restricted common stock, at our option. If paid in shares then the shares will be valued at a 15% discount to the lowest daily VWAP (volume weighted average price) from May 1, 2013 to 30 days after the date of conversion, less \$0.0001 per share. We issued 19 shares of Series C Preferred Stock to the Investor as a commitment fee on the date the Agreement was executed, May 1, 2013.

Subject to certain closing conditions, the Investor will purchase 5 Preferred Shares at each Closing through the ninth Closing and thereafter Investor will purchase 10 Preferred Shares at each Closing. The first Closing occurred on May 3, 2013 in which we received \$50,000 and issued 5 shares of Series C Preferred Stock. Each subsequent Closing will take place on the first day each

calendar month thereafter or sooner, at our option and if all conditions set forth in the Stock Purchase Agreement, including, but not limited to, the conditions set forth below, have been fully satisfied, until a total of \$7,500,000 has been purchased by the Investor. In June of 2013 a second Closing occurred under the Stock Purchase Agreement with Ironridge in which we received \$50,000 and issued 5 additional shares of Series C Preferred Stock to Ironridge. In March of 2014 a third Closing occurred under the Stock Purchase Agreement with Ironridge in which we received \$50,000 and issued 5 additional shares of Series C Preferred Stock. As of August 31, 2014, no additional Closings have occurred.

Each subsequent Closing will be subject to standard customary closing conditions as well as specific provisions, that the trading price of our Common Stock is at least \$0.0003 per share on the day prior to a Closing, and since the prior Closing, a minimum of \$1.0 million in aggregate trading volume of our Common Stock has traded in the public market.

The foregoing description of the financing transaction is qualified in its entirety by reference to the full text of the Stock Purchase Agreement and Certificate of Designation of Series C Preferred Stock, which are attached as Exhibits to this Registration Statement and are incorporated herein by reference.

These funds will be used for general working capital purposes.

We believe our offer and sale of the securities in the above transaction, made only to an accredited investor, were exempt from registration under Section 4(2) of the Securities Act as a transaction by an issuer not involving any public offering, and as a private placement of restricted securities pursuant to Rule 506 of Regulation D promulgated under the Act. The certificates representing the securities issued contain a legend to the effect that such securities were not registered under the Securities Act and may not be transferred except pursuant to an effective registration statement or pursuant to an exemption from such registration requirements.

In addition we recorded a current liability of \$71,456 to reflect the dividends payable at August 31, 2014.

## **NOTE 8 – TCA CREDIT FACILITY**

On September 12, 2013, Axiologix, Inc., a Nevada corporation (the “Company”), and all of its wholly owned subsidiaries (collectively, the “Guarantors”) entered into a Senior Secured Revolving Credit Facility Agreement (the “Credit Agreement”) with TCA Global Credit Master Fund, LP, as lender (the “Lender”).

The Credit Agreement provides for a revolving credit facility (the “Credit Facility”) of up to \$5,000,000. Funds under the Credit Facility will be made available to the Company on an as-needed basis, based on a mutually approved formula of eligible receivables and assets, with an initial draw down at closing of \$250,000 less transaction expenses. The Credit Facility is guaranteed by the Guarantors and is secured by the assets of the Company and the Guarantors. The Lender will maintain and operate a bank account “lock box” for the collection and disbursement of the Company’s accounts receivable, and will become the senior, secured lender for the Company.

The Company intends to use the proceeds of the Credit Facility for general working capital purposes and to fund initial consideration for acquisitions. Neither the Company nor the Guarantors had any relationship with the Lender, material or otherwise, prior to entering into the Credit Agreement.

The maturity date for the Credit Facility is the six-month anniversary of the effective date (the “Maturity Date”), and the Company has the option (so long as no event of default exists and no event has occurred that, with the passage of time or giving of notice or both, would constitute an event of default) to request an extension of the Maturity Date for an additional six month period, which request may be accepted or rejected by the Lender in its sole discretion. Borrowings under the Credit Facility outstanding from time to time will bear interest at an annual rate of 16.5% and such interest will be payable on a weekly basis. The Company may repay principal amounts borrowed under the Credit Facility from time to time prior to the Maturity Date, but all outstanding amounts under the Credit Facility must be repaid in full on or prior to the Maturity Date. Principal amounts repaid under the Credit Facility may be re-borrowed prior to the Maturity Date.

The Credit Agreement contains representations and warranties, affirmative and negative covenants (including financial covenants with respect to minimum revenues and a loan-to-value ratio) that are typical for facilities and transactions of this type. The Credit Agreement also contains events of default (and related remedies, including acceleration and increased interest rates following an event of default) that are typical for facilities and transactions of this type. Loans drawn under the Credit Facility will be evidenced by a Revolving Convertible Promissory Note (the “Revolving Note”). At any time while the Revolving Notes remain outstanding and only if an Event of Default occurs subject to certain limitations, the Lender may convert all or any portion of the outstanding principal, accrued but unpaid interest and other sums payable under the Revolving Note or the Credit Agreement into shares of the Company’s common stock, par value \$0.01 per share, at a price equal to (i) the amount to be converted, divided by (ii) 85% of the lowest daily volume weighted average price of the Company’s common stock during the five business days immediately prior to the conversion date.

As consideration for investment banking and advisory services provided by the Lender to the Company, pursuant to the Credit Agreement the Company shall pay a fee to the Lender in the amount of \$108,000, payable in 3 equal installments of \$36,000 each over a period of 12 months from September 12, 2013. Mr. Browne, our Chief Executive Officer has personally guaranteed the advisory services in full and the Revolving Note, under certain limited circumstances. The Revolving Note was issued by the Company upon reliance on the exemption from the registration requirements of the Securities Act of 1933, as amended, provided in Section 4(2) thereof.

Also as part of the Closing, the Company agreed to register its shares of common stock with the Securities and Exchange Commission (SEC), through the filing of a SEC Form 10, within 3 months of the Closing. The Company incurred placement agent fees of \$10,000. After payment of additional legal and other expenses net proceeds received equaled \$157,000.

The foregoing description is a summary of certain of the terms of the Revolving Note and the Credit Agreement. This summary does not purport to be complete and is qualified in its entirety by the complete text of (i) the Revolving Note, which is filed as an Exhibit to this Supplemental Information Statement and is incorporated herein by reference and (ii) the Credit Agreement, which were filed as Exhibits to previous OTC filings and are incorporated herein by reference.

Amendment No. 1 to TCA Credit Facility:

Effective November 21, 2013, Axiologix, Inc., a Nevada corporation (the "Company"), and all of its wholly owned subsidiaries (collectively, the "Guarantors") entered into an Amendment No. 1 to the Senior Secured Revolving Credit Facility Agreement (the "Amendment No. 1") with TCA Global Credit Master Fund, LP, as lender (the "Lender"). The Credit Facility Agreement provides for a revolving credit facility (the "Credit Facility") of up to \$5,000,000. Funds under the Credit Facility will be made available to the Company on an as-needed basis, based on a mutually approved formula of eligible receivables and assets.

The Amendment No. 1 allowed for an additional draw down at closing of \$1,750,000 less transaction expenses. The Credit Facility is guaranteed by the Guarantors and is secured by the assets of the Company and the Guarantors. The Lender will maintain and operate a bank account "lock box" for the collection and disbursement of the Company's accounts receivable, and will become the senior, secured lender for the Company.

Pursuant to the Amendment No. 1, the Company issued an Amended and Restated Revolving Convertible Promissory Note (the "Amended Note") in the amount of \$2,000,000, consisting of \$250,000 advanced on September 11, 2013 and \$1,750,000 advanced as of November 21, 2013.

At any time while the Amended Note remains outstanding and only if an Event of Default occurs subject to certain limitations, the Lender may convert all or any portion of the outstanding principal, accrued but unpaid interest and other sums payable under the Revolving Note or the Credit Agreement into shares of the Company's common stock, par value \$0.01 per share, at a price equal to (i) the amount to be converted, divided by (ii) 85% of the lowest daily volume weighted average price of the Company's common stock during the five business days immediately prior to the conversion date.

The Company used the proceeds of the Credit Facility for general working capital purposes and to fund the initial consideration for the acquisition of iWorld Services as per Note 11. Neither the Company nor the Guarantors had any relationship with the Lender, material or otherwise, prior to entering into the Credit Agreement.

The maturity date for the Credit Facility is the six-month anniversary of the effective date (the "Maturity Date"), and the Company has the option (so long as no event of default exists and no event has occurred that, with the passage of time or giving of notice or both, would constitute an event of default) to request an extension of the Maturity Date for an additional six month period, which request may be accepted or rejected by the Lender in its sole discretion.

Borrowings under the Credit Facility outstanding from time to time will bear interest at an annual rate of 16.5% and such interest will be payable on a weekly basis. The Company may repay principal amounts borrowed under the Credit Facility from time to time prior to the Maturity Date, but all outstanding amounts under the Credit Facility must be repaid in full on or prior to the Maturity Date. Principal amounts repaid under the Credit Facility may be re-borrowed prior to the Maturity Date.

The Credit Agreement contains representations and warranties, affirmative and negative covenants (including financial covenants with respect to minimum revenues and a loan-to-value ratio) that are typical for facilities and transactions of this type. The Credit Agreement also contains events of default (and related remedies, including acceleration and increased interest rates following an event of default) that are typical for facilities and transactions of this type.

As consideration for investment banking and advisory services provided by the Lender to the Company, pursuant to the Amendment No. 1 to the Credit Agreement, the Company paid a fee to the Lender in the amount of \$200,000.

The Revolving Note was issued by the Company upon reliance on the exemption from the registration requirements of the Securities Act of 1933, as amended, provided in Section 4(2) thereof. The Company incurred placement agent fees of \$35,000. After payment of additional legal and other expenses net proceeds received equaled \$1,655,850.

The foregoing description is a summary of certain of the terms of the Amended and Restated Revolving Note and the Amendment No. 1 to the Credit Agreement. This summary does not purport to be complete and is qualified in its entirety by the complete text of (i) the Amended and Restated Revolving Note, and the Amendment No.1 to the Credit Agreement, which are filed as Exhibits to previous OTC filings and are incorporated herein by reference.

#### TCA Amendment No. 2

Effective February 17, 2014, Axiologix, Inc., a Nevada corporation (the “Company”), and all of its wholly owned subsidiaries (collectively, the “Guarantors”) entered into an Amendment No. 2 to the Senior Secured Revolving Credit Facility Agreement (the “Amendment No. 2”) with TCA Global Credit Master Fund, LP, as lender (the “Lender”). The Credit Facility Agreement provides for a revolving credit facility (the “Credit Facility”) of up to \$5,000,000. Funds under the Credit Facility will be made available to the Company on an as-needed basis, based on a mutually approved formula of eligible receivables and assets.

The Amendment No. 2 waives Borrower’s existing defaults for failure to pay certain over-advances required to be paid under the Credit Agreement in exchange for the payment of a cash fee of \$125,000. The Credit Facility is guaranteed by the Guarantors and is secured by the assets of the Company and the Guarantors. The Lender will maintain and operate a bank account "lock box" for the collection and disbursement of the Company's accounts receivable, and will become the senior, secured lender for the Company.

Pursuant to the Amendment No. 2, the Company issued an Amended and Restated Revolving Convertible Promissory Note (the “Amended Note”) in the amount of \$2,186,697.82, consisting of \$250,000 advanced on September 11, 2013, \$1,750,000 advanced as of November 21, 2013, a \$125,000 fee paid to Lender for waiving the existing defaults of Borrower, and certain other amounts outstanding in connection with the Preferred Stock issued under Amendment No. 1 to the Credit Agreement.

At any time while the Amended Note remains outstanding and only if an Event of Default occurs subject to certain limitations, the Lender may convert all or any portion of the outstanding principal, accrued but unpaid interest and other sums payable under the Revolving Note or the Credit Agreement into shares of the Company’s common stock, par value \$0.01 per share, at a price equal to (i) the amount to be converted, divided by (ii) 85% of the lowest daily volume weighted average price of the Company’s common stock during the five business days immediately prior to the conversion date.

The maturity date for the Credit Facility is the six-month anniversary of the effective date (the “Maturity Date”), and the Company has the option (so long as no event of default exists and no event has occurred that, with the passage of time or giving of notice or both, would constitute an event of default) to request an extension of the Maturity Date for an additional six month period, which request may be accepted or rejected by the Lender in its sole discretion.

Borrowings under the Credit Facility outstanding from time to time will bear interest at an annual rate of 16.5% and such interest will be payable on a weekly basis. The Company may repay principal amounts borrowed under the Credit Facility from time to time prior to the Maturity Date, but all outstanding amounts under the Credit Facility must be repaid in full on or prior to the Maturity Date. Principal amounts repaid under the Credit Facility may be re-borrowed prior to the Maturity Date.

The Credit Agreement contains representations and warranties, affirmative and negative covenants (including financial covenants with respect to minimum revenues and a loan-to-value ratio) that are typical for facilities and transactions of this type. The Credit Agreement also contains events of default (and related remedies, including acceleration and increased interest rates following an event of default) that are typical for facilities and transactions of this type.

The Revolving Note was issued by the Company upon reliance on the exemption from the registration requirements of the Securities Act of 1933, as amended, provided in Section 4(2) thereof.

The foregoing description is a summary of certain of the terms of the Amended and Restated Revolving Note and the Amendment No. 2 to the Credit Agreement. This summary does not purport to be complete and is qualified in its entirety by the complete text of (i) the Amended and Restated Revolving Note, and (ii) the Amendment No. 2 to the Credit Agreement, which are filed as Exhibits and are incorporated herein by reference.

As of August 31, 2014, the Company had \$1,950,812 due to TCA under the Credit Facility.

## **NOTE 9 - ACQUISITION OF IWORLD SERVICES**

On November 21, 2013, Axiologix, Inc., a Nevada corporation (“AXLX” or the “Company”) acquired 100% of the issued and outstanding capital stock of iWorld Services, a California corporation, pursuant to a Merger Agreement entered into on November 13,

2013. The aggregate consideration provided by AXLX in exchange for the acquisition consisted of the following: (i) \$750,000 in cash paid at Closing, (ii) 250,000 shares of AXLX Series D Convertible Preferred Stock, par value \$0.001, with one share of Series D Convertible Preferred Stock being convertible into Ten Dollars (\$10.00) worth of common stock at Market Price, commencing twelve months after the Closing Date, and subject to additional conversion and selling restrictions as set forth in the Merger Agreement and the Certificate of Designation of Series D Preferred Stock (the “Shares”) (iii) the issuance of a \$2,750,000 unsecured promissory note, accruing six (6%) interest per annum with quarterly payments of \$275,000 commencing twelve (12) months after the Closing Date, and with interest to be paid in arrears quarterly in cash beginning with the first quarterly payment due 12 months after the Closing Date (the “Note”), and (iv) additional earn-out consideration up to a maximum of \$4,500,000, to be paid based on a percentage of the adjusted EBITDA of iWorld Services for each calendar year commencing January 1, 2014, and as further described in the Merger Agreement. The Shares, the Note and the potential earn-out consideration may all be available to compensate AXLX for certain damages or misrepresentations of iWorld Services, as provided for in the Merger Agreement. In connection with the acquisition, AXLX paid total finder’s fees of \$450,000.

The foregoing description is a summary of certain of the terms of the Merger Agreement, the Note and the Series D Convertible Preferred Stock. This summary does not purport to be complete and is qualified in its entirety by the complete text of (i) the Merger Agreement, (ii) the Note, and (iii) the Certificate of Designation of Series D Convertible Preferred Stock, which were filed as Exhibits to previous OTC filings and are incorporated herein by reference.

The acquisition is being accounted for as a purchase business combination under Statements of Financial Accounting Standards guidelines (ASC 805 – *Business Combinations* and ASC 820 – *Fair Value Measurements and Disclosures*). According to ASC 805, the standard of value to be used in the application of purchase accounting rules is fair value. For purposes of this report, the Company employed an independent valuation expert to evaluate fair value of the consideration and net assets acquired as defined in Statement of Financial Accounting Standard No. 820–10–35–37 Fair Value Measurements and Disclosures.

	November 20, 2013
Consideration:	
Cash paid at closing	750,000
Seller financed note payable (1)	2,750,000
Series D Preferred shares (2)	2,500,000
Other Net Liabilities assumed (3)	1,904,325
Total value of consideration	<u>7,904,325</u>
<b>Fair value of identifiable assets acquired assumed:</b>	
IP/Technology	12,000
Customer base	42,000
Trade names / marks	69,200
Non-Compete Key persons	28,500
Total fair value of assets assumed	<u>151,700</u>
Consideration paid in excess of fair value	<u>7,752,625</u>
Impairment of Goodwill to reflect fair value of consideration	<u>(4,654,325)</u>
Goodwill carried forward in consolidated balance sheet	<u>3,098,300</u>

- (1). The Company issued a \$2,750,000 unsecured promissory note, accruing six (6%) interest per annum with quarterly payments of \$275,000 commencing twelve (12) months after the Closing Date, and with interest to be paid in arrears quarterly in cash beginning with the first quarterly payment due 12 months after the Closing Date.
- (2). The Company issued 250,000 shares of AXLX Series D Convertible Preferred Stock, par value \$0.001, with one share of Series D Convertible Preferred Stock being convertible into Ten Dollars (\$10.00) worth of common stock at Market Price, commencing twelve months after the Closing Date, and subject to additional conversion and selling restrictions as set forth in the Merger Agreement and the Certificate of Designation of Series D Preferred Stock.
- (3). Other net liabilities assumed are made up of:

Cash acquired	(112,560)
Accounts receivable	(61,075)
Accounts payable and accrued expenses	1,714,191
Deferred revenues	226,599
Cash paid Acquisition costs	<u>137,170</u>
Total	<u>1,904,235</u>

## NOTE 10 - NOTES PAYABLE

### For the Three Months Ended August 31, 2014 and 2013:

As of August 31, 2014, the Company had \$307,253 of principal balance on promissory notes issued and outstanding, \$163,457 of which is convertible at a discount to the current market price of the Company’s common stock, with discounts ranging from 20% to



70%. As of August 31, 2013, the Company had \$333,531 of principal balance on promissory notes issued and outstanding, \$258,743 of which is convertible at a discount to the current market price of the Company's common stock, with discounts ranging from 20% to 70%.

As of August 31, 2014 and 2013, the Company had accrued interest payable of \$254,189 and \$50,303, respectively. Interest expense totaled \$144,462 and \$42,857 for the three month periods ended August 31, 2014 and 2013, respectively. Of the \$144,462 charge for the three months ending August 31, 2014, \$8,417 represented amortization of debt discount on convertible notes. Of the \$42,857 charge for the three months ending August 31, 2013, \$35,640 represented amortization of debt discount on convertible notes.

During the three month periods ended August 31, 2014 and 2013, the Company converted \$14,447 and \$50,940, respectively, of outstanding promissory notes into 963,168 and 264,090 shares of common stock, respectively.

During the three months ended August 31, 2014, the Company did not issue any new promissory notes. During the three months ended August 31, 2013, the Company issued the following new promissory note and entered into the following investment transaction:

On July 26, 2013, the Company issued a \$10,000 convertible promissory note to an accredited investor in exchange for a \$10,000 investment. The promissory note accrues 15% interest per annum, matures on July 23, 2014 and is convertible at a 50% discount to the current market price.

Also during the three months ended August 31, 2013 we executed a first amendment with Cape One Financial, contingent upon the closing by the Company of a third party financing / revolving line of credit by no later than September 15, 2013 (the "Closing"). This Amendment includes the following terms: i) extends the term of the Note issued to Cape One by six months from the date of the Closing, ii) at the Closing, AXLX agrees to pay to the Holder a total sum of Thirty One Thousand Five Hundred Dollars (\$31,500), to go towards repayment of the Note, iii) the existing Warrant's exercise price shall be reduced to \$0.00005 per share, iv) the Company agrees to issue 450,000,000 additional Warrants to the Holder, also at a reduced exercise price of \$0.00005 per share, with no additional warrants owed to the Holder, v) the conversion price of the Note shall be 50% of the Market Price at the time of conversion, vi) If and when the Company raises additional capital, the Company shall prepay/redeem the Note in an amount equal to ten percent (10%) of the gross proceeds received by the Company from and at the closing of such additional capital raises. Accrued but unpaid interest shall be paid first, and then Principal Amount of the Note, vii) After the Note is repaid in full, then Company shall redeem the Series B Preferred from the Holder if and when the Company raises additional capital, in an amount equal to ten percent (10%) of the gross proceeds received by the Company at each and every closing from such capital raise.

The following table reflects the total debt balances of the Company as of August 31, 2014 and 2013:

	August 31, 2014	August 31, 2013
Principal Balance on Convertible Promissory Notes – third parties	163,457	310,000
Principal Balance on Convertible Promissory Notes – related parties	-	40,000
Principal Balance on Promissory Notes - related parties	19,788	19,788
Principal Balance on Promissory Notes - third parties	124,008	15,000
Principal balance on Notes issued to iWorld Services shareholders	2,750,000	-
Principal balance on Revolving line of credit	1,950,812	-
<b>Total Principal Balance</b>	<b>5,008,065</b>	<b>384,788</b>
Debt Discount	-	(51,258)
<b>Total Balance after debt discount</b>	<b>5,008,065</b>	<b>333,530</b>
 Accrued Interest on Promissory Notes Outstanding	 254,189	 50,303
Debt discount amortized	8,417	35,640

## NOTE 11 – STOCKHOLDERS' SURPLUS (DEFICIT)

As of August 31, 2014, the Company is authorized to issue up to 8,000,000,000 shares of common stock, at \$0.0001 par value, and up to 10,000,000 shares of preferred stock. At August 31, 2014, there were 14,763,840 common shares issued and outstanding (with an additional 10,000,000 shares being held in escrow) and 1,100,034 shares of preferred stock outstanding, including 500,000 shares of Series A Convertible Preferred, 400,000 shares of Series B Convertible Preferred, 34 shares of Series C Convertible Preferred, 250,000 shares of Series D Convertible Preferred (see FN12 Temporary Equity). The rest of our preferred stock is undesignated. The board of directors, without stockholder approval, may issue the remaining shares of preferred stock with voting

and conversion rights that could materially and adversely affect the voting power of the holders of common stock, and could also decrease the amount of earnings and assets available for distribution to the holders of common stock.

On February 26, 2013, the Company amended its Articles of Incorporation to increase the total authorized shares of common stock from 3,000,000,000 to 8,000,000,000.

On October 12, 2012, the Company amended its Articles of Incorporation to decrease the par value of its common stock from \$0.001 par value per share to \$0.0001 par value per share.

*Series A:* In September of 2013, VOIP ACQ, INC. exchanged 300,000 shares of AXLX common stock for amended terms to its 500,000 shares of AXLX Series A Convertible Preferred Stock (the “Series A”), whereby the 500,000 shares of Series A convert into a total of 60% of the total fully diluted shares of AXLX common stock at the time of conversion, and the Series A vote on an as-converted basis. The Series A are not redeemable and they carry a liquidation value of \$0.002 per share. The foregoing description of the amended Series A Convertible Preferred is qualified in its entirety by reference to the full text of the Form of Certificate of Designation of Amended and Restated Series A Preferred Stock, which is attached as an Exhibit and is incorporated herein by reference.

In October 2013, VOIP ACQ, INC. merged with and into Axiologix. VOIP’s ownership of AXLX common and preferred shares were therefore distributed to VOIP’s shareholder, Darjon Investments, Ltd.; Vincent Browne’s spouse holds the dispositive voting and investment control of Darjon.

*Series B:* There are also 400,000 shares of Series B Convertible Preferred Stock (The “Series B”) issued. The Series B carry a liquidation value of \$1.00 per share and are convertible into shares of common stock at the market price at the time of conversion. One share of Series B carries one vote. The Series B are redeemable by the Company after January of 2014. The description of the Series B Convertible Preferred Shares is qualified in its entirety by the Certificate of Designation of Series B Convertible Preferred Stock, which is attached as an Exhibit, and incorporated herein by reference.

The Series B Preferred shares have been classified as a current liability at February 28, 2014 as the redemption date has passed and the Company therefore in default in the terms of the Series B. The Company has not received any default notice from the Holder.

*Series C:* The 34 shares of Series C Convertible Preferred Stock (the “Series C”) are convertible into shares of Common Stock at a fixed price of \$1.60 per share. The Series C carries an 8% per annum adjustable dividend, payable in cash or shares of our restricted common stock, at our option. If paid in shares then the shares will be valued at a 15% discount to the lowest daily VWAP (volume weighted average price) from May 1, 2013 to 30 days after the date of conversion, less \$0.0001 per share. The Series C have no voting rights. The Series C carry a liquidation value of \$10,000 per share, plus any accrued but unpaid Dividends.

*Dividends:* Commencing on the date of the issuance of any such shares of Series C Preferred Stock, Holders of Series C will be entitled to receive monthly dividends on each outstanding share of Series C at a rate equal to 8.0% per annum. Dividends are payable at the Corporation’s election, (a) in cash, or (b) in shares of Common Stock valued at 85.0% of the following: the volume weighted average price of the Common Stock on the date of delivery, not to exceed the daily volume weighted average price of any Trading Day from the May 3, 2013 through the end of the applicable Equity Conditions Measuring Period, less \$0.0001 per share of Common Stock.

*Redemption:* Upon or after 12 years after the Issuance Date, the Corporation will have the right, at the Corporation’s option, to redeem all or a portion of the shares of Series C, at a price per share equal to 100% of the Series C Liquidation Value. Prior to redemption above, the Corporation will have the right, at the Corporation’s option, to redeem all or a portion of the shares of Series C Preferred Stock at any time or times after the Issuance Date of such Series C, at a price per share equal to the sum of the following: (a) the Series C Liquidation Value, plus (b) the Embedded Dividend Liability on the date of the applicable redemption or conversion, less (c) any Dividends that have been paid.

During the twelve months ended May 31, 2014, 10 Series C shares were sold for \$100,000. The description of the Series C Convertible Preferred Shares is qualified in its entirety by the Certificate of Designation of Series C Convertible Preferred Stock, which is attached as an Exhibit and incorporated herein by reference.

#### **During the Three Months Ended August 31, 2014 and 2013:**

During the three months ended August 31, 2014, the Company issued a total of 5,003,168 shares of common stock, of which: 1,505,100 shares of restricted common stock were issued for services; 3,340,000 shares of unrestricted common stock were issued to IBC in exchange for the partial settlement of a total of \$139,391 of debt under SEC Rule 3(a)10; 700,000 shares of unrestricted common stock were issued to Ironridge in exchange for the partial settlement of a total of \$800,000 worth of debt under SEC Rule 3(a)10; and

963,168 shares of unrestricted common stock were issued to a convertible note holder, reducing our principal debt obligation by \$13,066.

During the three months ended August 31, 2013, the Company issued 528,179,800 shares of unrestricted common stock to 4 convertible debt holders pursuant to the conversion of convertible promissory notes, reducing the Company's debt obligations by \$50,940. The Company also issued 230,000,000 shares of unrestricted common stock to Ironridge – See Note 8 for more details, and 5 additional shares of Series C Preferred Stock to Ironridge – see Note 9 for more details.

During the three months ended August 31, 2013 the Company issued 5 additional shares of Series C Convertible Preferred Stock to Ironridge netting \$50,000 in cash.

## **NOTE 12 – TEMPORARY EQUITY**

On November 21, 2013 Axiologix issued 250,000 shares of Series D Convertible Preferred Stock to iWorld Services shareholders as part of the consideration paid for the acquisition of iWorld Services (See Note 9: Acquisition of iWorld Services). There are 250,000 shares of Series D Convertible Preferred Stock, \$0.001 par value per share issued as of May 31, 2014 (the "Series D"). One share of Series D Convertible Preferred Stock is convertible into Ten Dollars (\$10.00) worth of common stock at the closing price on the day preceding the conversion notice. One share of Series D carries one vote. The Series D carry a liquidation value of \$10.00 per share. The Series D is non-redeemable.

## **NOTE 13 - RELATED PARTY TRANSACTIONS**

On March 1, 2014, Mr. Dennis Mitrano was appointed as President and Chief Operating Officer of the Company. Mr. Mitrano is already currently a director of AXLX and was President of Telecom Operations prior to his appointment as President. AXLX and Realistic Solutions, Inc. ("Consultant") entered into a Professional Consulting Agreement, whereby Mr. Mitrano was appointed President and COO for an initial term of 12 months with automatic renewal for additional one year terms, in exchange for an annual consulting fee of \$150,000. Additionally, Consultant will be eligible to earn a minimum total annual bonus incentive compensation of up to 100% of the Consulting Fee; provided, however, that the annual bonus incentive may commence at 50% of the Consulting Fee and grow to 100% of the Consulting Fee based upon the Consultant achieving the performance objectives set for each quarter and year. Realistic Solutions is a company controlled and owned by Mr. Mitrano. Consultant was also granted a non-dilutive 15% equity stake in the Company, subject to review and modification by the Board of Directors to occur simultaneously with the Closing of a third party institutional financing.

On March 5, 2013, Darjon Investments, Ltd. loaned the Company \$19,788, repayable on demand. Darjon is controlled and 100% owned by our CEO, Vincent Browne's spouse.

In September of 2013, VOIP ACQ, INC. exchanged 300,000 shares of AXLX common stock for amended terms to its 500,000 shares of AXLX Series A Convertible Preferred Stock, whereby the 500,000 shares of Series A Convertible Preferred convert into a total of 60% of the fully diluted shares of AXLX common stock at the time of conversion, and the Series A Preferred vote on an as-converted basis. The foregoing description of the amended Series A Convertible Preferred is qualified in its entirety by reference to the full text of the Form of Certificate of Designation of Amended and Restated Series A Preferred Stock, which is attached as an Exhibit and is incorporated herein by reference. In October of 2013, VOIP ACQ, INC. merged with and into Axiologix. VOIP's ownership of AXLX common and preferred shares were therefore distributed to VOIP's shareholder, Darjon Investments, Ltd.

On December 5, 2011, each officer and director at the time signed an addendum to their promissory notes that set the total amounts owed to all directors and officers at \$40,000, with no further interest accruing, and grants the holders a right to convert into a total of 10% of the Company's common stock at the time of conversion, broken down as follows: Mr. Daglis: 1.02%; E&CR Trust: 5%; Mr. Schafer: 1.58%; Mr. Romito: 0.25%; Mr. Siliunas: 0.75%, Mr. Ramadan: 1.14%, and Ms. Vassallo: 0.26%. Additionally, all of these Notes automatically converted into a total of 10% of the Company's common stock immediately upon the completion of the reverse stock split that was effected on April 24, 2014.

## **NOTE 14 - COMMITMENTS AND CONTINGENCIES**

### ***Litigation***

The Company is not currently involved in any litigation that it believes could have a material adverse effect on its financial condition or results of operations. Other than as set forth below and in the Subsequent Events FN 15, there is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of the Company or any of its subsidiaries, threatened against or affecting the Company, our

common stock, any of our subsidiaries or of our companies or our subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

Axiologix Limited and Mr. Browne, as an officer of the Company, are currently defendants in a case in Ireland being brought by the Irish Pensions board for alleged breach of certain sections of the Pensions Act. Axiologix Limited and Mr. Browne deny all allegations and are defending themselves against all such claims.

In February of 2014, Evitarus, Inc. filed a demand for Arbitration with JAMS in Contra Costa County against iWorld Services for breach of contract and damages in the amount of, at a minimum \$100,000 and a potential total maximum of \$300,000. iWorld Services has subsequently reached a settlement with Evitarus; See Subsequent Events Note 15 for more information.

## **NOTE 15 – SUBSEQUENT EVENTS**

In accordance with ASC 855, Subsequent Events, we have evaluated subsequent events through October 23, 2014, the date of available issuance of these unaudited financial statements.

### Common Stock Issuances:

From September 1, 2014 thru October 23, 2014 we issued a total of 9,100,000 shares of common stock, of which: 1,100,000 shares of unrestricted common stock were issued to IBC in exchange for the partial settlement of a total of \$139,391 of debt under SEC Rule 3(a)10, and 8,000,000 shares of restricted common stock were issued to iWorld Services Pre-Merger Shareholders pursuant to a settlement agreement as described below under "iWorld Services Settlement Agreements". We are also in the process of issuing 5,000,000 shares of restricted common stock in exchange for services rendered.

### iWorld Services Settlement Agreements:

On October 13, 2014, Axiologix, Inc. ("AXLX" or the "Company") entered into a Settlement and General Release Agreement with Paul Falchi and James Alleman, as Representatives on behalf of the shareholders of iWorld Services, pursuant to the Shareholders Representative Agreement, existing immediately prior to the 2013 merger between AXLX and iWorld Services (hereinafter, altogether referred to as the "IWS PRE-MERGER SHAREHOLDERS"), whereby the IWS PRE-MERGER SHAREHOLDERS agreed (i) to return to AXLX 184,000 shares of AXLX Series D Preferred Stock, and (ii) to cancel and terminate any and all rights it had under the \$2,750,000 promissory note (the "Note"), including the repayment of any and all principal amounts and/or accrued interest amounts underneath the Note, and (iii) other than the \$650,000 already received, the IWS PRE-MERGER SHAREHOLDERS agreed to relinquish and waive any and all right to receive any other benefit or consideration that otherwise would be required to be paid or provided to them by virtue of the Merger Agreements, and in exchange, AXLX agreed to issue to IWS PRE-MERGER SHAREHOLDERS eight million (8,000,000) shares of AXLX common stock.

Also on October 13, 2014, iWorld Services ("IWS") entered into a Release and Settlement Agreement with Evitarus, Inc., whereby a stipulated award shall be entered in the Arbitration between IWS and Evitarus in EVITARUS' favor for \$500,000, however, EVITARUS agrees to refrain from: (a) confirming the Award into a judgment; and (b) attempting to collect (from IWS and the current and past officers, directors, shareholders, agents, attorneys, and assigns of IWS) monies owed by IWS to EVITARUS as provided in the Award, so long as there is complete performance by IWS and the IWS Pre-Merger Shareholders pursuant to the following assignment agreement. IWS, Paul Falchi, James Alleman, Richard Glantz as trustee of Falchi and Alleman (collectively, the "Pre-Merger Shareholders") entered into an Assignment Agreement with AXLX and Evitarus whereby 60,000 shares of AXLX Series D Convertible Preferred Stock were assigned from the IWS Pre-Merger Shareholders to Evitarus. Finally, a second Assignment Agreement was entered into by and among the IWS Pre-Merger Shareholders and the Law Offices of Richard Glantz, Inc. whereby 6,000 shares of AXLX Series D Convertible Preferred Stock were assigned from the IWS Pre-Merger Shareholders to Richard Glantz. AXLX agreed to amend and restate the Certificate of Designation of the Series D Convertible Preferred Stock.

The securities issued in connection with this acquisition have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements of the Securities Act of 1933.

The foregoing description is a summary of certain of the terms of the Settlement and General Release Agreement, the Release and Settlement Agreement, the two Assignment Agreements and the Amended and Restated Series D Convertible Preferred Stock. This summary does not purport to be complete and is qualified in its entirety by the complete text of (i) the Settlement and General Release Agreement, (ii) the Release and Settlement Agreement, (iii) the Assignment Agreement to Evitarus, and (iv) the Amended and Restated Certificate of Designation of Series D Convertible Preferred Stock, which are filed as Exhibits to the Company's Supplemental Information Statement filed on October 23, 2014 and are incorporated herein by reference.