AXIOLOGIX EDUCATION CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE THREE AND NINE MONTHS ENDED

FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

AXIOLOGIX EDUCATION CORPORATION

Contents

BALANCE SHEETS AS OF FEBRUARY 29, 2012 (UNAUDITED) AND MAY 31, 2011 (AUDITED)

STATEMENTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED FEBRUARY 29, 2012 AND FEBRUARY 28, 2011 AND FOR THE PERIOD OF INCEPTION, FROM APRIL 29, 2009 THROUGH FEBRUARY 29, 2012 (UNAUDITED)

STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT) FOR THE PERIOD OF MAY 31, 2011 THROUGH FEBRUARY 29, 2012 (UNAUDITED)

STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED FEBRUARY 29, 2012 AND FEBRUARY 28, 2011 AND FOR THE PERIOD OF INCEPTION, FROM APRIL 29, 2009 THROUGH FEBRUARY 29, 2012 (UNAUDITED)

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

Axiologix Education Corporation
(A Development Stage Company)
Condensed Balance Sheets
(Unaudited)

	February 29, 2012	May 31, 2011
ASSETS		
Current Assets		
Total cash and cash equivalents	-	-
Trade receivables	-	400
Prepaid expenses and other current assets	-	1,698
Current Assets	-	2,098
Intangible assets and goodwill	2,300,000	
Total Assets	$2,300,000	$2,098
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable and Accrued Liabilities	183,225	137,630
Accrued interest payable	58,500	31,980
Notes payable	112,500	112,500
Convertible notes payable, third party - net of discount	276,301	228,437
Convertible notes payable, related parties - net of discount	40,000	19,000
Notes Payable - related parties	-	1,000
Embedded note derivative liability	96,006	77,609
Total Liabilities	766,531	608,156
Stockholders' Equity		
Common stock, $0.001 par value; 750,000,000 shares authorized, 526,436,036 and 172,000,373 shares issued and outstanding, as of February 29,2012 and May 31, 2011, respectively	526,436	172,000
Common Stock Issuable	801,147	-
Additional paid in capital	8,588,566	7,271,064
Accumulated deficit	(8,382,680)	(8,049,122)
Total Shareholders' Equity	1,533,469	(606,058)
Total Liabilities and Stockholders' Deficit	$2,300,000	$2,098

See notes to financial statements

Axiologix Education Corporation
(A Development Stage Company)
Condensed Statements of Operations
(Unaudited)

	For the Three Months Ended		For the Nine Months Ended		For the period from April 29, 2009 (Inception) to February 29, 2012
	February 29, 2012	February 28, 2011	February 29, 2012	February 28, 2011	
Revenues	$ -	$ 400	$ -	$ 400	$ 400
Cost of revenues	-	-	-	-	-
Gross profit (loss)	-	400	-	400	400
Operating expenses					
Sales and general administrative	32,531	597,318	188,892	995,688	3,787,172
Stock compensation expense	29,988	-	29,988	1,981,097	2,011,085
Depreciation and amortization	-	6,500	-	6,500	26,000
Research and development	-	12,500	-	550,095	742,045
Impairment of intangible asset	-	-	-	-	1,144,000
Total operating expenses	62,519	616,318	218,880	3,533,380	7,710,302
Loss from operations	(62,519)	(615,918)	(218,880)	(3,532,980)	(7,709,902)
Other (income) expense					
Interest income	-	-	-	-	(2,100)
Interest expense	52,123	139,223	142,678	346,196	600,877
Change in fair market value of derivatives	-	-		-	3,379
(Profit) loss on settlement of debt	(28,000)	-	(28,000)	98,622	70,622
Net loss	**$ (86,642)**	**$(755,141)**	**$(333,558)**	**$ (3,977,798)**	**$ (7,037,124)**
Net loss attributable to common stockholders	**$ (86,642)**	**$(755,141)**	**$(333,558)**	**$ (3,977,798)**	**$ (7,037,124)**
Net loss per share - basic and diluted	**($0.00)**	**($0.01)**	**($0.00)**	**($0.04)**	
Weighted average shares outstanding					
Basic and diluted	**526,436,036**	**147,376,162**	**526,436,036**	**98,350,467**	

See notes to financial statements

Axiologix Education Corporation
(A Development Stage Company)
Condensed Statement of Changes in Stockholders' Deficit
(Unaudited)

	Common stock		Common stock issuable		Additional paid-in capital	Accumulated deficit	Total Stockholders Equity (Deficit)
	Shares	Amount	Shares	Amount			
Balances at May 31, 2011	**172,000,353**	**$172,000**	**-**	**$-**	**$7,271,064**	**$(8,049,122)**	**$(606,058)**
Conversion of notes payable							
Common Stock issued for cash ($0.015)	353,333	353			4,947		5,300
Common stock issued in settlement of a payable	1,133,333	1,133			15,867		17,000
Net profit / (loss) for the period						(246,917)	(246,917)
Balances at November 30, 2011	**173,487,019**	**$173,487**	**0**	**$ -**	**$7,291,877**	**$(8,296,039)**	**$(830,675)**
Conversion of notes payable ($0.025)	2,949,017	2,949	1,146,720	1,147	98,287		$102,383
Common stock issued for asset purchase	350,000,000	350,000			350,000		$700,000
Common stock issuable for asset purchase			800,000,000	800,000	800,000		$1,600,000
Settlement of derivative liability					18,414		$18,414
Stock compensation expense					29,988		$29,988
Net profit / (loss) for the period						(86,642)	$(86,642)
Balances at February 29, 2012	**526,436,036**	**$526,436**	**801,146,720**	**$801,147**	**$8,588,567**	**$(8,382,681)**	**$1,533,469**

See notes to financial statements

Axiologix Education Corporation
(A Development Stage Company)
Condensed Statements of Cash Flows
(Unaudited)

	For the Nine Months Ended		For the period from April 29, 2009 (Inception) to February 29,2012
	February 29, 2012	February 28, 2011	
Cash Flows from Operating Activities:			
Net loss	$ (333,558)	$ (3,977,798)	$ (8,382,680)
Adjustments to reconcile net loss to net cash used in operations			
Depreciation and amortization	-	6,500	26,000
Non-cash stock based compensation	29,988	1,981,097	3,688,553
Common stock issued pursuant to reseller agreement	-	660,000	771,250
Common Stock Issuable for services	-	-	-
Amortization of debt discount	92,884	260,263	384,534
Change in fair market value of derivative liabilities	4,311	-	7,690
(Profit)/Loss on debt settlement	(28,000)	98,622	70,622
Impairment loss on intangible asset	-	-	1,144,000
Bad debt expense	-	5,000	10,000
Non-cash consulting services	-	200,000	200,000
Debt issuance and deferred offering Costs	4,199	-	4,199
Changes in assets and liabilities, net of acquisition and disposals:			
Accounts receivable	400	(400)	-
Accounts payable & accrued liabilities	62,594	19,770	200,224
Accrued interest	41,305	85,933	209,856
Net cash used in operating activities	(125,878)	(661,013)	(1,665,753)
Cash Flows From Financing Activities:			
Proceeds from issue of notes payable	66,578	100,000	449,078
Net borrowings from related partes	55,000	(5,679)	95,900
Proceeds from issuance of units	-	72,800	192,800
Proceeds from sale of common stock payable	-	-	
Proceeds from sale of common stock	-	-	
Cash received from subscription receivable	-	31,000	26,000
Payments on related parties debt	(1,000)	-	(22,900)
Payments on notes payable	-	(2,500)	(17,700)
Proceed from sale of common stock	5,300	472,760	1,068,973
Common stock redeemed and cancelled	-	-	(97,900)
Equity offering costs	-	-	(28,498)
Net cash provided by financing activities	125,878	668,381	1,665,753
Net increase (decrease) in cash and cash equivalents	-	7,368	-
Cash and cash equivalents, beginning of the period	-	4,011	-
Cash and cash equivalents, end of the period	$ -	$ 11,379	$ -

See notes to financial statements

Axiologix Education Corporation
(A Development Stage Company)
Supplemental Statements of Cash Flows
(Unaudited)

	For the Nine Months Ended		For the period from April 29, 2009 (Inception) to February 29,2012
	February 29, 2012	February 28, 2011	
Cash paid for interest	$ -	$ -	$ -
Cash paid for taxes	$ -	$ -	$ -
Supplemental disclosure of non-cash investing and financing activities:			
Common Shares rescinded	$ -	$ -	$ 8,653
Commom stock issued for conversion of notes payable and accrued interest	$ 102,383	$ 304,344	$ 520,633
Common stock issued for common stock payable	$ -	$ 156,000	$ 156,000
Subscription receivable for common stock payable	$ -	$ -	$ 36,000
Beneficial conversion feature of convertible note payable	$ -	$ 274,697	$ 274,697
Settlement of derivative liability to additional paid in capital	$ 18,414	$ -	$ 24,018
Discount on convertible debt due to derivative liability	$ 32,500	$ -	$ 111,016
Issuance of notes and common stock for purchases of assets	$ 700,000	$ 1,170,000	$ 1,870,000
Common stock isssuable for purchases of assets	$ 1,600,000	$ -	$ 1,600,000
Common stock issued to reduce payables	$ 17,000	$ -	$ 17,000

See notes to financial statements

AXIOLOGIX EDUCATION CORPORATION
(A Development Stage Company)
NOTES TO UNAUDITED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND BUSINESS OPERATIONS

Axiologix Education Corporation was incorporated under the laws of Nevada, USA, on April 29, 2009. Axiologix Education Corporation has had limited operations and was considered a development stage company that has had no material revenues from inception until March 5, 2012. Initial operations included organization, capital formation, target market identification, and marketing plans. Management is planning to continue operations for this activity, but now through a wholly owned subsidiary of AXLX, as an educational software and services provider for school systems K-20, by focusing on raising student achievement through its research-based school design, uniquely aligned assessment systems, interactive professional development, integrated use of technology and other proven program features.

Due to the lagging economy, the Company determined to make an acquisition that would improve shareholder value. On January 17, 2012, the Company acquired VOIP ACQ, Inc. ("VOIP") through a reverse merger. The Company acquired substantially all of the assets and liabilities of VOIP in exchange for a total of 1,150,000,000 shares of AXLX 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 VOIP is the legal acquirer, for accounting purposes Axiologix is the accounting acquirer. Following the completion of the reverse merger with AXLX, VOIP will now move to complete these acquisitions.

Following completion of the reverse merger with VOIP ACQ Inc, Axiologix Education Corporation has changed strategic direction to focus on Cloud technologies and services beyond the education market. As part of this new strategy, on March 5, 2012 the Company completed the acquisition of a cloud services company in Ireland and has non-binding agreements to basic business terms to acquire additional Cloud based technology and service companies. 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. The existing educational software and on-line services operations are now housed in a wholly owned subsidiary, Axiologix Holdings Inc.

The Company is headquartered at 90 Washington Valley Rd., Bedminster, NJ 07921, and its telephone number is 908-719-8920.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation
The unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The results for any interim period are not necessarily indicative of the results for the entire fiscal year.

Forward stock split
On October 4, 2010, the Company completed a five-for-one forward stock split of the Company's common stock and an increase in the number of authorized shares of common stock from 150,000,000 to 750,000,000. The share and per-share information disclosed within this report reflects the completion of this stock split and all historical periods have been retroactively restated.

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 a maturity of three months or less to be cash equivalents. There were no cash equivalents at February 29, 2012 or May 31, 2011, respectively.

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 February 29, 2012 and May 31, 2011, respectively, 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
The Company does not use derivative instruments to hedge exposures to cash flow, market or foreign currency risks.

The Company reviews the terms of the common stock, warrants and convertible debt it issues to determine whether there are embedded derivative instruments, including embedded conversion options, which are required to be bifurcated and accounted for separately as derivative financial instruments. In circumstances where the host instrument contains more than one embedded derivative instrument, including the conversion option, that is required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

Bifurcated embedded derivatives are initially recorded at fair value and are then revalued at each reporting date with changes in the fair value reported as non-operating income or expense. The Company uses a lattice model for valuation of the derivative. When the equity or convertible debt instruments contain embedded derivative instruments that are to be bifurcated and accounted for as liabilities, the total proceeds received are first allocated to the fair value of all the bifurcated derivative instruments. The remaining proceeds, if any, are then allocated to the host instruments themselves, usually resulting in those instruments being recorded at a discount from their face value.

The discount from the face value of the convertible debt, together with the stated interest on the instrument, is amortized over the life of the instrument through periodic charges to interest expense, using the effective interest method.

Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether net cash settlement of the derivative instrument could be required within the 12 months of the balance sheet date.

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 nine months ended February 29, 2012 and 2011, respectively, 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. The company issued 2,206,060 units in the nine months ended February 28, 2011. Each unit consists of one common share and one warrant. The warrants have a strike price of $0.033 per share, vest immediately, and have a one-year term. The fair value of the warrants was determined to be $189,930 using the Black-Scholes model. Key inputs used in the Black-Scholes valuation model were a strike price of $0.033, term of one year, volatility of 134% to 209%, and a discount rate of 0.25% to 0.32%. All of the above warrants have expired as of February 29, 2012.

During the nine months ended February 29, 2012, the Company issued 500,000,000 warrants to Mr. Browne, its Chief Executive as part of his employment contract dated January 17, 2012. The warrants have a strike price of $0.002 per share, vest immediately, and have a four-year term. The fair value of the warrants was determined to be $999,122 using the Black-Scholes model. No warrants have been exercised as of February 29, 2012.

We have estimated the fair value of this warrant using the Black-Scholes option valuation model that uses the assumptions noted in the following table. Expected volatilities are based on the historical volatility of our stock. We use actual data to estimate warrant exercises, forfeitures and cancellations within the valuation model. The expected term of warrants granted represents the period of time that warrants granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the warrant is based on the U.S. Treasury yield curve in effect at the time of grant.

Black-Scholes -Based Option Valuation Assumptions	Nine Months Ended February 29, 2012
Expected term (in years)	2.0 yrs
Expected volatility	333%
Expected dividend yield	--
Risk-free rate	0.33%

	For the Three Months Ended		For the Nine Months Ended	
	February 29, 2012	February 28, 2011	February 29, 2012	February 28, 2011
Net loss attributable to common stockholders	$ (86,642)	$ (755,141)	$(333,558)	$(3,977,798)
Net loss per share – basic and diluted	($0.00)	($0.01)	($0.00)	($0.04)
Weighted average number of shares outstanding – basic and diluted	526,436,036	147,376,162	526,436,036	98,350,467

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:

	For the Nine Months Ended	
	February 29, 2012	February 28, 2011
Convertible notes payable	252,643,604	7,166,667
Outstanding warrants to purchase common stock	500,000,000	14,206,060
Total	752,643,604	21,372,727

As of February 29, 2012, we do not have sufficient authorized shares available should the convertible notes be converted or the warrants be exercised. Therefore, these shares cannot be fully issued until we will have either (i) increased our number of authorized shares or (ii) effectuated a reverse stock split that does not correspondingly decrease the total number of authorized shares. A special meeting of shareholders will be required to approve such either of the above options.

A summary of warrant activity is presented below:

	Number Outstanding	Weighted Average exercise price per Share	Weighted Average Remaining Contractual Life (years)
Outstanding at May 31, 2011	14,206,060	0.010	0.1
Granted	--	--	--
Exercised	--	--	--
Canceled/forfeited/expired	(14,206,060)	0.002	--
Outstanding at February 29, 2012	--	--	--
Granted	500,000,000	0.002	4

Exercised	--	--	--
Canceled/forfeited/expired	--	--	--
Warrants vested and exercisable at February 29, 2012	500,000,000	0.002	4

Share Based Payments
Generally, 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.

Research and Development Costs
The Company is engaged in ongoing research and development ("R&D") activities. The Company accounts for R&D under standards issued by the Financial Accounting Standards Board ("FASB"). Under these standards, all R&D costs must be charged to expense as incurred. Accordingly, internal R&D costs are expensed as incurred. Third-party R&D costs are expensed when the contracted work has been performed or as milestone results have been achieved. The costs associated with equipment or facilities acquired or constructed for R&D activities that have alternative future uses are capitalized and depreciated on a straight-line basis over the estimated useful life of the asset. The amortization and depreciation for such capitalized assets are charged to R&D expenses.

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.

Intangible Assets
Intangible assets acquired pursuant to the purchase agreement with Edumedia Software (See Note 7) are reported at their initial fair value less accumulated amortization. The intangible assets are amortized based on estimated useful lives of 15 years. As of May 31, 2011, the company determined the intangible assets acquired were fully impaired. Accordingly, the company recorded a loss on impairment of intangible assets totaling $1,044,000 during the year ended May 31, 2011, which is reflected on the Statement of Operations.

Intangible assets acquired pursuant to the purchaser agreement with VOIP ACQ Inc, are reported at affair value based on the closing trading price of the Company's common stock at the time of issuance $0.002. The allocation of the consideration to the assets and liabilities as listed above is preliminary and was not carried out by a third party expert valuation firm. The company intends to have such a valuation completed and included in its audited statements for the year ending May 31, 2012. The intangible assets will be amortized based on estimated useful lives of 15 years commencing on June 1, 2012.

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. The Company's current revenue stream consists of marketing consulting services. Consulting services are sold on

a fixed fee or time-and-materials basis. Revenue is recognized when the services are performed. Revenues are recognized when persuasive evidence of an arrangement exists, the fees to be paid by the customer are fixed or determinable, collection of the fees is probable, delivery of the service and or product has occurred, and no other significant obligations on the part of the Company remain. In future periods, the Company plans to recognize most of its revenue in accordance with software industry specific GAAP.

Income Taxes

The Company accounts for income taxes in accordance with standards of disclosure propounded by the FASB, and any related interpretations of those standards sanctioned by the FASB. Accordingly, deferred tax assets and liabilities are determined based on differences between the financial statement and tax bases of assets and liabilities, as well as a consideration of net operating loss and credit carry forwards, using enacted tax rates in effect for the period in which the differences are expected to impact taxable income. A valuation allowance is established, when necessary, to reduce deferred tax assets to the amount that is more likely than not to be realized.

Recent Accounting Pronouncements

In December 2010, the FASB issued FASB ASU No. 2010-28, "When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts," which is now codified under FASB ASC Topic 350, "Intangibles - Goodwill and Other." This ASU provides amendments to Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not a goodwill impairment exists. When determining whether it is more likely than not an impairment exists, an entity should consider whether there are any adverse qualitative factors, such as a significant deterioration in market conditions, indicating an impairment may exist. FASB ASU No. 2010-28 is effective for fiscal years (and interim periods within those years) beginning after December 15, 2010. Early adoption is not permitted. Upon adoption of the amendments, an entity with reporting units having carrying amounts which are zero or negative is required to assess whether is it more likely than not the reporting units' goodwill is impaired. If the entity determines impairment exists, the entity must perform Step 2 of the goodwill impairment test for that reporting unit or units. Step 2 involves allocating the fair value of the reporting unit to each asset and liability, with the excess being implied goodwill. An impairment loss results if the amount of recorded goodwill exceeds the implied goodwill. Any resulting goodwill impairment should be recorded as a cumulative-effect adjustment to beginning retained earnings in the period of adoption. This ASU is not expected to have any material impact to the Company's consolidated financial statements.

In December 2010, the FASB issued FASB ASU No. 2010-29, "Disclosure of Supplementary Pro Forma Information for Business Combinations," which is now codified under FASB ASC Topic 805, "Business Combinations." A public entity is required to disclose pro forma data for business combinations occurring during the current reporting period. This ASU provides amendments to clarify the acquisition date to be used when reporting the pro forma financial information when comparative financial statements are presented and improves the usefulness of the pro forma revenue and earnings disclosures. If a public company presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) which occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The supplemental pro forma disclosures required are also expanded to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. FASB ASU No. 2010-29 is effective on a prospective basis for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010, with early adoption permitted. The adoption of this ASU is not expected to have a material effect on the Company's consolidated statement of financial position, results of operations or cash flows.

In May 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* . This update clarifies the application of certain existing fair value measurement guidance and expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. This update is effective on a prospective basis for annual and interim reporting periods beginning on or after December 15, 2011, which for the Company is January 1, 2012. The Company does not expect that adopting this update will have a material impact on its consolidated financial statements.

NOTE 3 – GOING CONCERN

As reflected in the accompanying financial statements, the Company has a net loss of $333,358 and net cash used in operations of $125,878 for the nine months ended February 29, 2012. The Company had a working capital deficit of $766,531 and an accumulated deficit of $8,382,680 at February 29, 2012.

The Company plans to seek additional funds to finance its immediate and long-term operations 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 or generate positive operating results.

These factors, among others, raise doubt about the Company's ability to continue as a going concern. 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.

Ultimately, the Company's ability to continue as a going concern is dependent upon its ability to attract new sources of capital, and exploit the growing VOIP telecom and data services market in order to attain a reasonable threshold of operating efficiency and achieve profitable operations.

NOTE 4 – ACQUISITION OF VOIP ACQ, INC.

In the quarter ended February 29, 2012, AXLX acquired VOIP ACQ, Inc. ("VOIP") through a reverse merger. AXLX acquired substantially all of the assets and liabilities of VOIP in exchange for a total of 1,150,000,000 shares of AXLX restricted common stock (the "Shares") pursuant to a definitive Contribution Agreement dated November 30, 2011 among AXLX and VOIP (the "Contribution Agreement"). Three hundred fifty million (350,000,000) of the Shares were issued immediately upon Closing, and the remaining eight hundred million (800,000,000) shares are to be issued on the later of (i) sixty (60) days after the Closing Date, and (ii) the date on which AXLX's Articles of Incorporation shall have been amended to increase the number of total authorized shares of common stock to 2,000,000,000 or greater.

Through the acquisition of VOIP, AXLX acquired $0 in fair value of assets, $0 in liabilities and recorded $2,300,000 in goodwill. Separate from the Contribution Agreement, as a hiring and retention incentive, the Company issued 500,000,000 warrants to Vincent Browne, the Company's CEO, to purchase shares of common stock, having an exercise price of $0.002 per share and a term of four years,. These warrants were valued at $999,122. We recorded approximately $29,988 in expense in the three and nine months ended February 29, 2012, related to these warrants.

The following are condensed pro forma financial information as though the reverse merger with Semotus had occurred as of the beginning of the six months ended February 29, 2012 and 2011.

Axiologix Education Corporation
Condensed Pro Forma Statement of Operations
(unaudited)

	Nine Months ended February 29,	
	2012	**2011**
Revenues	$ --	$ 400
Net income (loss)	$ (333,558)	$ (3,977,798)
Net income (loss) per common share	$ (0.00)	$ (0.01)
Weighted average shares outstanding	526,436,036	350,000,000

NOTE 5 - FAIR VALUE

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 which 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 following liability was valued at fair value as of February 29, 2012. No other items were valued at fair value on a recurring basis as of February 29, 2012 or 2010.

	Carrying Value	Fair Value Measurements Using			
		Level 1	Level 2	Level 3	Total
Derivative liabilities	$ 96,006	$ -	$ -	$ 96,006	$ 96,006
Totals		$ -	$ -	$ 96,006	$ 96,006

NOTE 6 – CONVERTIBLE NOTES PAYABLE

On April 9, 2009, the Company entered into a Secured Promissory Note with an individual for a loan of $20,000. The note carries an annual interest rate of 20%, and was due on August 12, 2010. On August 16, 2010, the Company entered into an amendment of the Note whereby the fixed conversion price was reduced from $0.066 to $0.02 per share. The note holder converted this debt and accrued interest for common shares at $0.02 per share after the amendment. The company recorded a loss on settlement of debt of $98,622 during the nine months ended February 28, 2011 for the fair value of the additional common shares issuable pursuant to this amendment.

During the nine months ended February 29, 2012, the Company entered into the following:

During June 2011, the Company entered into promissory notes with third parties totaling $16,000. The notes carry interest rates of 20% per annum and are convertible to common stock at the lesser of $.007 or 70% of the average closing price of the previous 20 trading days. Subsequently, on December 5, 2011 Addendums to the Notes were executed wherein $17,437, which equals all outstanding principal and accrued interest to date under the Notes, was automatically converted at $0.025 per share and 697,468 shares were issued.

During June 2011, the Company entered into promissory notes with third parties totaling $11,857. The notes carry interest rates of 20% per annum and are convertible to common stock at the lesser of $.01 or 70% of the average closing price of the previous 20 trading days. Subsequently, on December 5, 2011 Addendums to the Notes were executed wherein $12,919, which equals all outstanding principal and accrued interest to date under the Notes, was automatically converted at $0.025 per share and 516,747 shares were issued.

During July 2011, the Company entered into promissory notes with third parties totaling $8,741. The notes carry interest rates of 20% per annum and are convertible to common stock at the lesser of $.007 or 70% of the average closing price of the previous 20 trading days. Subsequently, on December 5, 2011 Addendums to the Notes were executed wherein $9,435, which equals all outstanding principal and accrued interest to date under the Notes, was automatically converted at $0.025 per share and 377,389 shares were issued.

Also during the three months ended August 31, 2011, certain officers and directors loaned the Company a total of $55,000. The notes carry an interest rate of 20% per annum and are convertible to common stock at the lesser of $0.007 or 70% of the average closing price of the previous 20 trading days. Subsequently, on December 5, 2011, each holder signed an Addendum that fixed the total amounts owed to all directors and officers at $40,000, with no further interest accruing, and granted the holders a right to convert into a total of 10% of the Company's common stock at the time of conversion. Additionally, all of these Notes will automatically convert into a total of 10% of the Company's common stock immediately upon the completion of a reverse stock split. See Related Parties Note 8.

As of August 31, 2011, five promissory notes totaling $39,000 in principal were in default, $19,000 of which is due to a director who subsequently signed an Addendum described above and in the Related Parties Note 8. The other $20,000 accrues interest at 58% per annum and carries a default compound interest rate of 58%. Upon default, the Note holders may declare their notes immediately due and payable and demand payment of all principal and accrued interest, and the note holders may proceed to collect such amounts. Subsequently, on December 5, 2011 Addendums to the $20,000 Notes were executed wherein $28,668, which equals all outstanding principal and accrued interest to date under the Notes, was automatically converted at $0.025 per share and 1,146,720 shares were issued.

On September 7, 2010, the Company entered into two Convertible Promissory Notes pursuant to two consulting agreements with third parties. The notes carry an annual interest rate of 15% and are convertible into common stock at a variable conversion rate. The variable conversion rate is 70% of the lowest closing price for the Company's common stock during the previous 20 trading days from the notice of conversion or $0.001 whichever is the lower. The note holders agreed that they will not submit conversion notices or enforce conversion rights requiring the Company to issue a number of common shares which exceeds the unissued authorized common shares of the Company. The Company has evaluated the conversion feature of the notes and determined that there was a $200,000 beneficial conversion feature on these notes as the conversion price was less than the fair value of the common stock at the time of issuance. The beneficial conversion feature was recorded as a debt discount on the accompanying balance sheet. The two Convertible Promissory Notes' maturity date of March 15, 2011 was extended to March 15, 2014 and remain outstanding as of February 29, 2012.

During the nine months ended February 29, 2012, the Company converted $87,598 of outstanding principal and $14,785 in accrued interest of the Secured Promissory Notes into a total of 4,095,737 shares of common stock.

	Principal Balance	**Less Discount**	**Carrying Amount**
Convertible notes payable - May 31, 2011	$310,000	$(61,563)	$248,437
Issuance of convertible notes (net)	95,098	(32,500)	62,598
Amortization of debt discount and beneficial conversion feature	-	92,864	92,864
Conversion of notes payable	(87,598)	-	(87,598)
Convertible notes payable - February 29,2012	317,500	(1,199)	316,301

As of February 29, 2012 and May 31, 2011, the Company had accrued interest payable of $58,500 and $31,980, respectively. Interest expense totaled $52,123 and $139,223 for the three months ended February 29, 2012 and 2011, respectively and $142,678 and $346,196 for the nine months ended February 29, 2012 and 2011, respectively.

NOTE 7 – STOCKHOLDERS' DEFICIT

On October 4, 2010, the Company completed a five-for-one forward stock split of the Company's common stock and an increase in the number of authorized shares of common stock from 150,000,000 to 750,000,000. The payment date for the stock split was October 15, 2010 to holders of record as of October 4, 2010.

The Company is authorized to issue up to 750,000,000 shares of its $0.001 common stock. At February 29, 2012, there were 526,436,036 shares issued and outstanding. At May 31, 2011, there were 172,000,373 shares issued and outstanding. At May 31, 2010, there were 96,871,385 shares issued and outstanding.

As of May 31, 2009, the Company issued 43,700,000 shares of common stock to its founders at par. 43,263,000 shares were rescinded in fiscal year 2010 and the difference of 437,000 shares were valued at $0.02 and recorded as stock-based compensation during the period ended May 31, 2009.

During the period ended May 31, 2009, the Company entered into stock purchase agreements with various accredited investors for the sale of 6,395,000 shares of its common stock at a purchase price of $0.02 per share generating proceeds of $127,900.

During the period ended May 31, 2009, the Company issued 18,000 shares of common stock for services. The value of the shares was $360 or $0.02 per share which was the price of the most recent sale of the Company's stock at the time of issuance.

During the year ended May 31, 2010, the Company entered into stock purchase agreements with various accredited investors for the sale of 18,720,000 shares of its common stock at a purchase price of $0.02 per share generating proceeds of $344,393 and a subscription receivable of $30,000.

During the year ended May 31, 2010, the Company issued 35,990,980 shares of common stock for executive compensation. The shares were valued at $0.02 per share at the time issuance which was the price of the most recent sale of the Company's stock at the time of issuance and accordingly the Company recorded $719,820 of stock based compensation.

During the year ended May 31, 2010, the Company issued 13,817,190 shares of common stock for services. The shares were valued at $0.02 per share at the time issuance which was the price of the most recent sale of the Company's stock at the time of issuance and accordingly the Company recorded $276,344 of stock based compensation.

During the year ended May 31, 2010, the Company entered into stock purchase agreements with various accredited investor for the sale of 166,670 shares of its common stock at a purchase price of $0.066 per share generating proceeds of $5,000 and a subscription receivable of $6,000.

During the year ended May 31, 2010, the Company entered into unit purchase agreements with Directors and Officers of the Company at $0.01 per unit. Each unit consists of one common share and one warrant. 12,000,000 units were sold generating proceeds of $120,000. The fair value of the common stock was $240,000 or $0.02 per share. The warrants were valued at $188,702 according to the Black-Scholes model. Because the selling price of the unit (common shares and warrants) were determined to be below fair market value and the units were issued to Directors and Officers, the Company recorded stock based compensation expense of $308,702 for the incremental difference between the sales price of the unit and the fair market value of common stock and warrants.

During the year ended May 31, 2010, the Company issued 250,000 shares of common stock for services valued at $0.066 per share. The value of the shares was $0.066 per share which was the price of the most recent sale of the Company's stock at the time of issuance. The Company recorded $16,500 of stock based compensation for these issuances.

During the year ended May 31, 2010, the Company issued 4,325,000 shares to Edumedia pursuant to the exclusive resellership agreement. At the time of issuance, it was determined that the fair value of the common stock was $0.02 per share, accordingly, the Company recorded a stock based compensation expense of $86,500. The value of the shares was $0.02 per share which was the price of the most recent sale of the Company's stock at the time of issuance. The agreement entailed no disincentive for non-performance therefore these shares were expensed upon issuance.

During the year ended May 31, 2010, the Company incurred $28,498 in equity offering costs.

During the year ended May 31, 2010, the Company issued an additional 375,000 shares to Edumedia pursuant to the exclusive resellership agreement. At the time of issuance, it was determined that the fair value of the common stock was $0.066 per share, accordingly, the Company recorded a stock based compensation expense of $24,750. The value of the shares was $0.066 per share which was the price of the most recent sale of the Company's stock at the time of issuance.

The Company entered into an Investment Agreement with Dutchess Opportunity Fund, II, L.P. ("Dutchess") on May 17, 2010 and an amendment to that Agreement on July 13, 2010 (collectively, the "Investment Agreement"). The aggregate number of shares issuable by the Company and purchasable by Dutchess under the Investment Agreement is 18,000,000, which was determined by the Company's Board of Directors. In connection with the preparation of the Investment Agreement and the Registration Rights Agreement, the Company issued Dutchess 454,545 shares of the Company's common stock as a document preparation fee. These shares were treated as an equity offering cost and value of such shares was charged to additional paid in capital. On November 29, 2010, the Company terminated its Investment Agreement with Dutchess Opportunity Fund II, L.P. Prior to termination, the Company had not sold any shares of its common stock to Dutchess pursuant to the Investment Agreement.

During the year ended May 31, 2010, the company issued 5,395,485 shares of common stock to convertible note holders reducing its principal obligation by $84,300 and accrued interest of $29,606. All notes were converted at a fixed conversion price of $0.02.

During the year ended May 31, 2010, the Company redeemed and cancelled 1,473,485 shares of its common stock for a total of $97,900. These shares were purchased from one investor at a price of $0.066 per share. This represented a premium on this purchase of $0.046 over the Company's prior cash sales of common stock at $0.02 per share.

As of May 31, 2010, the Company had $36,000 of subscription receivables related to the sale of 1,500,000 shares at $0.02 per share and 90,910 shares at $0.066 per share.

As of May 31, 2010, the Company was obligated to issue 7,500,000 shares of common stock for $150,000 of services and 300,000 shares were owed for a debt conversion related to fiscal year 2010.

During the year ended May 31, 2011, the Company issued 7,800,000 shares of common stock which were payable as of May 31, 2010.

During the year ended May 31, 2011, the Company received $26,000 for subscription receivable and $10,000 of the subscription receivable was not collected and charged to expense.

During the year ended May 31, 2011, the Company issued 7,704,560 shares of common stock to convertible note holders reducing its principal obligation by $117,000 and accrued interest of $37,041. All of these notes were converted at a fixed conversion price of $0.02.

During the year ended May 31, 2011, the Company issued 2,277,323 shares of common stock to convertible note holders reducing its principal obligation by $85,000 and accrued interest of $65,303. All notes of these notes were converted at a fixed conversion price of $0.066.

During the year ended May 31, 2011, the Company entered into stock purchase agreements with various accredited investors for the sale of 6,253,941 shares of its common stock at a purchase price of $0.066 per share generating proceeds of $412,760.

During the year ended May 31, 2011, the Company entered into stock purchase agreements with various accredited investors for the sale of 2,280,000 shares of its common stock at a purchase price of $0.04 per share generating proceeds of $91,200.

During the year ended May 31, 2011, the Company entered into stock purchase agreements with various accredited investors for the sale of 3,096,000 shares of its common stock at a purchase price of $0.02 per share generating proceeds of $61,920.

During the year ended May 31, 2011, the Company entered into stock purchase agreements with various accredited investors for the sale of 2,050,000 shares of its common stock at a purchase price of $0.01 per share generating proceeds of $20,500.

During the year ended May 31, 2011, the Company issued 13,523,700 shares of common stock for services. The shares were valued at $0.066 per share at the time of issuance which was the price of the most recent sale of the Company's stock and accordingly the Company recorded $892,564 of stock based compensation.

During the year ended May 31, 2011, the Company entered into unit purchase agreements with Directors and Officers of the Company at $0.033 per unit. Each unit consists of one common share and one warrant. 2,206,060 units were sold generating proceeds of $72,800. The fair value of the common stock issued ranged from $0.11 to $0.14 per share depending on the varying dates of issuances. The warrants were valued at $189,930 according to the Black-Scholes model and the fair value of the common stock was $226,903. Because the selling price of the unit (common shares and warrants) was determined to be below fair market value and the units were issued to board of directors, the Company recorded stock based compensation expense of $344,033 for the incremental difference between the sales price of the unit and the fair market value of common stock and warrants issued.

During the year ended May 31, 2011, the Company issued 1,874,245 shares of common stock for services. The shares were valued at $0.11 per share at the time issuance which was the closing trading price of the Company's common stock and accordingly the Company recorded $206,167 of stock based compensation.

During the year ended May 31, 2011, the Company issued 10,063,159 shares of common stock for services. The shares were valued at the closing trading price of the Company's common stock at the time of issuance and accordingly the Company recorded $735,337 of stock based compensation.

During the nine months ended February 29, 2012, the Company did not issue any shares of common stock for services.

On June 2, 2011, the Company entered into a subscription agreement for 1,133,333 shares of common stock in exchange for past due trade payables of $17,000.

On June 7, 2011, the Company entered into stock purchase agreements with an accredited investor for the sale of 353,333 shares of its common stock at a purchase price of $0.015 per share generating proceeds of $5,300.

As of February 29, 2012, the Company was obligated to issue 801,146,720 shares of common stock representing 800,000,000 to VOIP ACQ Inc as part of the Contribution Agreement. These shares are to be issued on the later of (i) sixty (60) days after the Closing Date, and (ii) the date on which AXLX's Articles of Incorporation shall have been amended to increase the number of total authorized shares of common stock to 2,000,000,000 or greater. The remaining 1,146,720 remain issuable following conversion of two Secured Convertible Loan Notes that were converted on December 5, 2011.

During September 2010, the Company entered in Amendment #1 to its Exclusive Worldwide Resellership Agreement with Edumedia Software Solutions Corporation ("Edumedia"). Pursuant to the Amendment, the Company issued 6,000,000 shares of common stock to Edumedia. The shares issued were valued on the grant dates based on the closing price of the shares. This resulted in an expense of $660,000 related to this issuance. Additionally, the Company made cash payments of $56,354 in second and third fiscal quarter of the current year. These payments are reflected in the statement of operations as of and for the year ended May 31, 2011.

On January 24, 2011, the Company issued 10,000,000 shares to Edumedia pursuant to the asset purchase agreement. These shares were valued at $1,050,000 on the grant date based on the closing price of the shares. See Note 7 for further discussion.

NOTE 8 – INTANGIBLE ASSETS

On January 24, 2011, The Company entered into an asset purchase agreement with Edumedia Software Solutions Corporation to acquire Edumedia's assets used or held for the Company in connection with its E*Pad software platform in exchange for 10,000,000 shares of the Company's common stock and $120,000 in cash payable in equal weekly installments of $2,500. The Company acquired intangible intellectual property including all software related to E*Pad, all intellectual property rights, rights to the name "E*Pad", and internet domain addresses related to E*Pad. The transaction was deemed to be an asset acquisition of research and development pursuant to the FASB standards.

The following table summarizes the entry recording the intangible assets acquired:

Intellectual property – software	1,170,000
Common stock	(10,000)
Additional paid in capital	(1,040,000)
Note payable	(120,000)
	-

The useful lives of the acquired intangibles are 15 years. There was no amortization expense for the nine months ended February 29, 2012 and $26,000 for the year ended May 31, 2011, respectively.

As of May 31, 2011, the company determined the intangible assets acquired were fully impaired. Accordingly, the company recorded a loss on impairment of intangible assets totaling $1,044,000 during the year ended May 31, 2011, which is reflected in the Statement of Operations.

On January 17, 2012, AXLX acquired substantially all of the assets and liabilities of VOIP ACQ, Inc. ("VOIP") in exchange for a total of 1,150,000,000 shares of AXLX restricted common stock (the "Shares") pursuant to a definitive Contribution Agreement dated November 30, 2011 among AXLX and VOIP (the "Contribution Agreement"). Three hundred fifty million (350,000,000) of the Shares were issued immediately upon Closing (evidencing an approximate sixty-six (66%) ownership of AXLX on a fully-diluted basis), and the remaining eight hundred million (800,000,000) shares are to be issued on the later of (i) sixty (60) days after the Closing Date, and (ii) the date on which AXLX's Articles of Incorporation shall have been amended to increase the number of total authorized shares of common stock to 2,000,000,000 or greater (which will evidence an approximate eighty percent (80%) ownership interest in AXLX on a fully diluted basis).Although AXLX is the legal acquirer, for accounting purposes VOIP is the accounting acquirer.

The following table summarizes the entry recording the intangible assets acquired:

Intangible assets and goodwill	$ 2,300,000
Common stock	(350,000)

Common stock issuable	(800,000)
Additional paid in capital	(1,150,000)
	-

Intangible assets acquired pursuant to the purchase agreement with are reported at fair value based on the closing trading price of the Company's common stock at the time of issuance $0.002. The allocation of the consideration to the assets and liabilities as listed above is preliminary and was not carried out by a third party expert valuation firm. The company intends to have such a valuation completed and included in its audited statements for the year ending May 31, 2012. The intangible assets will be amortized based on estimated useful lives of 15 years commencing on June 1, 2012.

NOTE 9 – RELATED PARTY TRANSACTIONS

During the nine months ended February 29, 2012, the Company's Chief Executive Officer, John Daglis loaned the Company $34,034. On December 5, 2011, Mr. Daglis signed an Addendum that forgave $9,954 of the principal and any accrued interest, and fixed the total amount payable at $24,080 with no further interest accruing, and grants the holder a right to convert into a total of 5% of the Company's common stock at the time of conversion. Additionally, the amended note will automatically convert into a total of 5% of the Company's common stock immediately upon the completion of a reverse stock split.

During the nine months ended February 29, 2012, the Company entered into Secured Promissory Notes with Rick Shafer and Remigio Romito, Directors, for a total of $21,000. The notes carry interest rates of 20% per annum and are convertible to common stock at the rate of $0.02 per share. On December 5, 2011, Mr. Sahfer and Mr. Romito signed Addendums that forgave $13,680 of the principal and any accrued interest, and fixed the total amount payable at $7,320 with no further interest accruing and grants the holder a right to convert into approximately 2% of the Company's common stock at the time of conversion. Additionally, the amended note will automatically convert into approximately 2% of the Company's common stock immediately upon the completion of a reverse stock split.

During the nine months ended February 29, 2012, the Company entered into Secured Promissory Notes with Vytas B. Siliunas, a Director, for a total of $5,000. On December 5, 2011, Mr. Siliunas signed an Addendum that forgave $2,000 of the principal and any accrued interest, and fixed the total amount payable at $3,000 with no further interest accruing, and grants the holder a right to convert into approximately 1% of the Company's common stock at the time of conversion. Additionally, the amended note will automatically convert into approximately 1% of the Company's common stock immediately upon the completion of a reverse stock split.

During the year ended May 31, 2011, the Company entered into unit purchase agreements with Directors and Officers of the Company at $0.033 per unit. Each unit consists of one common share and one warrant. 2,206,060 units were sold generating proceeds of $72,800. The fair value of the common stock issued ranged from $0.11 to $0.14 per share depending on the varying dates of issuances. The warrants were valued at $189,930 according to the Black-Scholes model and the fair value of the common stock was $226,903. Because the selling price of the unit (common shares and warrants) was determined to be below fair market value and the units were issued to board of directors, the Company recorded stock based compensation expense of $344,033 for the incremental difference between the sales price of the unit and the fair market value of common stock and warrants issued.

During the year ended May 31, 2011, the Company's Chief Executive Officer, John Daglis loaned the Company $9,714 and was repaid $26,614, of which $16,900 related to prior year borrowings. There is no balance outstanding at May 31, 2011.

During the year ended May 31, 2011, the Company entered into Secured Promissory Notes with Wassim Ramadan, a Director, for a total of $19,000. The notes carry interest rates of 58% per annum and are convertible to common stock at the rate of $0.04 per share. On December 5, 2011, Mr. Wassim signed an Addendum that forgave $14,440 of the principal and any accrued interest, and fixed the total amount payable at $4,560 with no further interest accruing, and grants the holder a right to convert into approximately 1% of the Company's common stock at the time of conversion. Additionally, the amended note will automatically convert into approximately 1% of the Company's common stock immediately upon the completion of a reverse stock split.

NOTE 10 – COMMITMENTS

Consulting Agreement
In September 2010, the Company entered into two four-month consulting agreements with unrelated third parties to provide consulting services. In exchange for the services provided, the Company issued two convertible promissory notes totaling $200,000 due March 15, 2013. See Note 5 for further discussion on the convertible promissory notes.

NOTE 11 – DERIVATIVE LIABILITY

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, 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 February 29, 2012 and May 31, 2011, the fair value of the embedded derivatives included on the accompanying balance sheet was $96,006 and $77,609, respectively. During the nine months ended February 29, 2012 and the year ended May 31, 2011, the Company extinguished the derivative liability totaling $18,414 and $3,379, respectively. Key assumptions used in the valuation of derivative liabilities associated with the convertible notes at February 29, 2012 and May 31, 2011 were as follows:

- The stock price would fluctuate with an annual volatility ranging from 281% to 326% based on the historical volatility for the company.
- An event of default would occur 1% of the time, increasing 1.00% per month to a maximum of 10%.

- Alternative financing for the convertible notes would be initially available to redeem the note 10% of the time and increase monthly by 0.2% to a maximum of 20%.

- The holder would automatically convert the notes at maturity if the registration was effective and the company was not in default.

The Company classifies the fair value of these securities under level three of the fair value hierarchy of financial instruments. The fair value of the derivative liability was calculated using a lattice model that values the compound embedded derivatives based on a probability weighted discounted cash flow model. This model is based on future projections of the various potential outcomes. The embedded derivatives that were analyzed and incorporated into the model included the conversion feature with the full ratchet reset, and the redemption options.

The components of the derivative liability on the Company's balance sheet at February 29, 2012 and May 31, 2011 are as follows:

	For the Nine Months Ended February 29, 2012	For the Year Ended May 31, 2011
Embedded conversion features - convertible promissory notes (principal balance $77,500)	96,006	72,831
Tainted instruments - convertible promissory notes	--	4,778
	96,006	77,609

NOTE 12 - SUBSEQUENT EVENTS

We have evaluated subsequent events through April 20, 2012, which is the date the financial statements were issued.

On March 5, 2012 AXLX acquired substantially all of the assets of Prime Carrier Limited via a wholly subsidiary, Axiologix Limited, in exchange for a secured promissory note in the amount € 510,502 (Five Hundred Ten Thousand Five Hundred and Two Euros) issued to ETV Capital S.A. and ACT Venture Capital Limited, Prime Carrier's secured lenders (the "Secured Lenders"). This note is repayable in monthly installments over 24 months from March 5, 2012 and has a first secured lien over the assets of Axiologix Limited. AXLX has also provided a guaranty for the payments of the Note. AXLX will also issue 20,000,000 shares of restricted common stock to the Secured Lenders. In addition, the Secured Lenders shall receive additional shares of restricted common stock if the Highest Average Trading Price ("HATP") falls within the following price per share amounts for thirty consecutive trading days prior to September 30, 2013: 6,666,666 restricted common shares if the HATP is less than $0.008 per share but greater than or equal to $0.006 per share, 12,000,000 shares if the HATP is less than $0.006 per share but greater than or equal to $0.0045 per share, or 20,000,000 Shares if the HATP is less than $0.0045 per share.