

axiologix™

2013

Quarterly Report

**Including Financial Statements and disclosures
prescribed by OTC Pink Market for Alternative
Reporting Standards.**

**For the Three Months ended
August 31, 2012**

AXIOLOGIX, INC.

A Nevada Corporation Listed on the OTC Pink Market

Current Trading Symbol: AXLX.PK

CUSIP Number: 05462T106

Tax ID Number: 61-1585332

QUARTERLY REPORT

FOR THE THREE MONTHS ENDED AUGUST 31, 2012

This statement contains certain forward-looking statements. All statements other than statements of historical fact are “forward-looking statements” for purposes of these provisions, including any projections of earnings, revenues, or other financial items; any statements of the plans, strategies, and objectives of management for future operation; any statements concerning proposed new products, services, or developments; any statements regarding future economic conditions or performance; statements of belief; and any statement of assumptions underlying any of the foregoing. These forward-looking statements involve significant risks and uncertainties, including, but not limited to, the following: the ability to secure additional sources of finance; the successful integration of acquisitions; growth and anticipated operating results; developments in our markets and strategic focus; product development and reseller relationships and future economic and business conditions. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of these and a number of other factors. These forward-looking statements are made as of the date of this filing, and we assume no obligation to update such forward-looking statements.

Item 1 The exact name of the issuer and the address of its principal executive offices.

Name of Issuer:

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

Principal executive offices:

90 Washington Valley Rd.
Bedminster, NJ 07921
Telephone: 908-719-8920
Facsimile: 908-781-1489
Website: www.axiologix.net
Investor Relations: vbrowne@axiologix.net

Item 2 Shares outstanding.

Period Ending August 31, 2012	Common Stock	Preferred Stock
Number of Shares Authorized	3,000,000,000	10,000,000
Number of Shares Outstanding	1,070,304,612	750,000
Freely Tradable Shares (public float)	375,304,612	0
Total Number of Beneficial Shareholders	Not Available	2
Total Number of Shareholders of Record	271	2

Item 3 Interim financial statements.

**AXIOLOGIX, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)**

	<u>August 31, 2012</u>	<u>May 31, 2012</u>
<u>ASSETS</u>		
Current Assets		
Total cash and cash equivalents	15,126	605
Trade receivables	158,715	232,869
Prepaid expenses and other current assets	400,000	-
Current Assets	573,841	233,474
Equipment and IP	565,039	581,971
Intangible assets and goodwill	-	0
Total Assets	\$1,138,880	\$815,446
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
Payables within 1 year		
Accounts payable and Accrued Liabilities	202,588	199,680
Accrued interest payable	85,982	50,869
Convertible notes payable, third party - net of discount	233,231	272,500
Convertible notes payable, related parties - net of discount	40,000	40,000
Secured Debentures - short term	317,889	271,844
Notes Payable - related parties	19,788	19,788
Embedded note derivative liability	96,006	96,006
Deferred revenue	107,628	195,705
Total Liabilities	1,103,112	1,146,391
Payables after 1 year		
Secured Debentures - long term	191,156	269,858
Series B Redeemable preferred shares	400,000	-
Total due after one year	591,156	269,858
Temporary Equity		
Series A Convertible preferred shares	10,000	-
Stockholders' Equity		
Common stock, \$0.0001 par value; 3,000,000 shares authorized, 1,070,304,612 and 575,304,612 shares issued and outstanding, as of August 31, 2012 and May 31, 2012, respectively	107,031	57,531
Common Stock Issuable	-	80,000
Additional paid in capital	581,219	309,275

Other Comprehensive Income / (Loss)	3,913	(989)
Accumulated deficit	(1,257,550)	(1,046,619)
Total Shareholders' Equity / (Deficit)	(565,388)	(600,802)
Total Liabilities and Stockholders' Deficit	\$1,138,881	\$815,446

See accompanying notes to the consolidated financial statements.

AXIOLOGIX, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended August 31, 2012	From inception October 5, 2011 to August 31, 2012
Revenues	\$ 207,600	\$ 394,738
Cost of revenues	(10,958)	(19,690)
Gross profit (loss)	196,641	375,049
Operating expenses		
Sales and general administrative	160,993	300,734
Stock compensation expense	116,445	208,878
Earnings before interest, tax, depreciation and amortization (EBITDA)	<u>(80,797)</u>	<u>(134,563)</u>
Depreciation and amortization	21,189	28,557
Operating Income	<u>(101,986)</u>	<u>(163,120)</u>
Other (income) expense		
(Gain) loss on foreign exchange	3,608	4,597
Interest expense	104,348	189,807
(Profit) loss on sale of assets	-	1,040,524
(Profit) loss on settlement of debt	-	(140,500)
Net Profit (loss)	<u>\$ (209,942)</u>	<u>\$ (1,257,549)</u>
Net profit (loss) attributable to common stockholders	<u>\$ (209,942)</u>	<u>\$ (1,257,549)</u>
Net loss per share - basic and diluted	<u>(\$0.00)</u>	<u>(\$0.00)</u>
Weighted average shares outstanding		
Basic and diluted	<u>940,304,612</u>	<u>419,643,814</u>

See accompanying notes to the consolidated financial statements.

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

	<u>Preferred stock</u>		<u>Common stock</u>		<u>Common stock issuable</u>		<u>Additional paid-in capital</u>	<u>Accum. deficit</u>	<u>TOTAL</u>
	Shares	Amount	Shares	Amount	Shares	Amount			
Balances at May 31, 2011	-	\$ -	350,000,000	\$ 35,000	800,000,000	\$80,000	\$(115,000)	\$ -	\$ -
Acquisition of Axiologix Education Corp.	-	-	173,486,750	17,349	-	-	329,625	-	346,974
Conversion of notes payable	-	-	70,518,257	7,052	-	-	109,394	-	116,446
Stock compensation expense	-	-	-	-	-	-	92,433	-	92,433
Stock issued for services	-	-	5,000,000	500	-	-	9,500	-	10,000
Settlement of derivative liability	-	-	-	-	-	-	18,414	-	18,414
Sale of Axiologix Holdings Inc.	-	-	(23,700,395)	(2,370)	-	-	(135,092)	-	(137,462)
Net profit / (loss) for the period	-	-	-	-	-	-	-	(1,047,608)	(1,047,608)
Balances at May 31, 2012	-	\$ -	575,304,612	\$ 57,531	800,000,000	\$ 80,000	\$ 309,275	\$ (1,047,608)	\$ (600,802)
Conversion of notes payable	-	-	150,000,000	15,000	-	-	30,000	-	45,000
Stock compensation expense	-	-	-	-	-	-	62,444	-	62,444
Shares issued to Officers and Directors	-	-	45,000,000	4,500	-	-	49,500	-	54,000
Debt discount on convertible notes	-	-	-	-	-	-	90,000	-	90,000
Stock Issuable issued	-	-	800,000,000	80,000	(800,000,000)	(80,000)	-	-	-
Common Shares surrendered for Series A Preferred Shares	500,000	10,000	(500,000,000)	(50,000)	-	-	40,000	-	(10,000)
Other comprehensive loss	-	-	-	-	-	-	-	3,913	3,913
Net profit / (loss) for the period	-	-	-	-	-	-	-	(209,942)	(209,942)
Balances at August 31, 2012	500,000	\$ 10,000	1,070,304,612	\$ 107,031	-	\$ -	\$ 581,219	\$ (1,253,637)	\$ (565,388)

See accompanying notes to consolidated financial statements.

AXIOLOGIX, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited)

	For the three months ended August 31, 2012	From inception October 5, 2011 to August 31, 2012
Cash Flows from Operating Activities:		
Net loss	\$ (209,942)	\$ (1,257,549)
<i>Adjustments to reconcile net loss to net cash used in operations</i>		
Depreciation and amortization	21,189	28,201
Non-cash stock based compensation	116,445	208,878
Common Stock Issued for services	-	10,000
Amortization of debt discount	15,731	65,691
(Profit)/Loss on debt settlement	-	(140,500)
Loss on sale of Axiologix Holdings Inc. - Education Assets	-	1,040,186
Debt issuance and deferred offering Costs	-	1,320
Non cash interest charges	43,234	43,234
<i>Changes in assets and liabilities, net of acquisition and disposals:</i>		
Accounts receivable	74,153	(73,024)
Accounts payable & accrued liabilities	2,557	9,431
Deferred revenue	(88,076)	57,423
Accrued interest	35,113	53,587
Net cash generated from operating activities	10,404	46,878
Cash Flows From Financing Activities:		
Net borrowings from related parties	-	19,788
Proceeds from sale of common stock	-	-
Proceeds from sale of convertible debt	61,766	61,766
Payments on convertible notes payable	(25,000)	(40,000)
Payments on secured notes payable - net	(36,258)	(95,083)
Net cash provided (used) by financing activities	508	(53,529)
Cash Flows From Foreign Currency Activities:		
Exchange gain (loss) on translation of foreign assets	3,608	21,777
Net cash provided by (used in) foreign currency activities	3,608	21,777
Net increase (decrease) in cash and cash equivalents	14,520	15,126
Cash and cash equivalents, beginning of the period	606	-
Cash and cash equivalents, end of the period	\$ 15,126	\$ 15,126
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Cash paid for interest	\$ 10,270	\$ 22,206
Cash paid for taxes	\$ -	\$ -

See accompanying notes to consolidated financial statements.

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

	For the three months ended August 31, 2012	From inception October 5, 2011 to August 31, 2012
Common stock issued for conversion of notes payable and accrued interest	\$ 45,000	\$ 161,446
Common stock issued for common stock payable	\$ -	\$ 10,000
Settlement of derivative liability to additional paid in capital	\$ -	\$ 18,414
Common sock issued for services	\$ 54,000	\$ 64,000
Acquisition of Axiologix Education:		
Prepayments	-	1,320
Goodwill	-	1,177,648
Accounts payable and Accrued Liabilities	-	(150,694)
Accrued interest payable	-	(71,243)
Convertible notes payable, third party - net of discount	-	(309,138)
Convertible notes payable, related parties - net of discount	-	(40,000)
Notes Payable - third parties	-	(112,500)
Notes Payable - related parties	-	(34,000)
Embedded note derivative liability	-	(114,420)
	<u>\$ -</u>	<u>\$ 346,974</u>
Disposition of Axiologix Holdings Inc. - Education:		
23,700,395 Common Shares returned and cancelled	-	137,462
Goodwill	-	(1,177,648)
Loss on disposition	<u>\$ -</u>	<u>\$ (994,132)</u>

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 Nevada as VOIP ACQ, INC.

On January 17, 2012, the Company 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 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. (See Note 5: Acquisition of VOIP ACQ). 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. (See Note 6).

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

Following completion of the reverse merger with VOIP ACQ Inc, Axiologix has focused 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, Prime Carrier. 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. (See Note 7: Acquisition of Prime Carrier).

We are headquartered at 90 Washington Valley Rd, Bedminster, New Jersey 07921, and our telephone number is 908-719-8920. The address of our website is www.axiologix.net . Information on our website is not part of this report.

As of and for the three months ended August 31, 2012, we operated our business through one wholly-owned subsidiary, Axiologix Limited. 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.

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”).

Forward stock split

On October 4, 2010, the Company completed a one-for-five 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 document 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 August 31, 2012.

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, 2012 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 three month period ended August 31, 2012 and May 31, 2012, 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.

Warrants to purchase an aggregate of up to 22,500,000 shares of restricted common stock at \$0.006 per share, having a five year term, standard anti-dilution and a cashless exercise provision were issued on July 31, 2012. 500,000,000 warrants were issued in January of 2012. No warrants have been exercised as of August 31, 2012.

	<u>August 31, 2012</u>	<u>May 31, 2012</u>
Net loss per share – basic and diluted		
Weighted average number of shares issued and outstanding - basic and diluted	940,304,612	419,643,814

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:

	<u>Common Stock Equivalent</u>	
	<u>August 31, 2012</u>	<u>May 31, 2012</u>
Convertible preferred shares – Series A	500,000,000	--
Convertible preferred shares – Series B	500,000,000	--
Convertible notes payable	752,862,103	258,087,000
Outstanding warrants to purchase common stock	<u>522,500,000</u>	<u>500,000,000</u>
Total	2,275,362,103	758,087,000

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.

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 primarily of 'right-to-use' licenses for hosted software applications. The licenses are contracted over a year and paid for in advance on either a quarterly or monthly basis. Revenue is recognized in the period that is contracted in arrears and any payments for periods beyond the current reporting period are classed as deferred revenue in payables.

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.

Prepaid Expenses

The Company has capitalized pre-payments pursuant to consulting agreements. The prepaid expenses 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 over their estimated useful lives at the following annual rates:

Computer equipment	33%	straight-line basis
Furniture and equipment	20%	straight-line basis
Acquired IP and software	15%	straight-line basis

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, 2012 the Company had no items representing comprehensive income (loss).

Foreign Currency Translation

The Company's functional currency is U.S. Dollars. Transactions in foreign currencies are translated into the currency of measurement at the exchange rates in effect on the transaction date. Monetary balance sheet items expressed in foreign currencies are translated into US dollars at the exchange rates in effect at the balance sheet date. The resulting exchange gains and losses are recognized in income.

The Company's integrated foreign subsidiaries are financially or operationally dependent on the Company. The Company uses the temporal method to translate the accounts of its integrated operations into US dollars. Monetary assets and liabilities are translated at the exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates for the period, except for amortization, which is translated on the same basis as the related asset. The resulting exchange gains or losses are recognized in income.

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.

No provision for income taxes has been recorded due to the net operating loss carry forwards totaling approximately \$1,253,637 August 31, 2012 that will be offset against future taxable income. The available net operating loss carry forwards of approximately \$4,291,103 expire in various years through 2029. No tax benefit has been reported in the financial statements because the Company believes there is a 50% or greater chance the carry forwards will expire unused. There were no uncertain tax positions taken by the Company.

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 it is 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 \$209,942 and net cash generated from operations of \$10,404 for the three month period ended August 31, 2012. The Company had a working capital deficit of \$529,271 and a stockholders' deficit of \$565,388 at August 31, 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 – 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 August 31, 2012. No other items were valued at fair value on a recurring basis as of August 31, 2012 or May 31, 2012.

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

NOTE 5 – ACQUISITION OF VOIP ACQ

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’s restricted common stock (the “Shares”) pursuant to a definitive Contribution Agreement dated November 30, 2011 by and among the 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 were issued on June 6, 2012, the date on which AXLX’s Articles of Incorporation were amended to increase the number of total authorized shares of common stock to 3,000,000,000.

Although AXLX is the legal acquirer, for accounting purposes VOIP is the accounting acquirer. Therefore, as a result of this transaction, we acquired \$1,320 in fair value of assets, and \$831,994 in liabilities.

In June of 2012, VOIP ACQ, Inc. surrendered five hundred million (500,000,000) shares of common stock in exchange for 500,000 shares of Series A Convertible Preferred Shares. The Series A Convertible Preferred Shares are convertible into a total of 500,000,000 shares of common stock and carry voting rights of 5,000 votes for each preferred share. The above description of the Series A Convertible Preferred Shares is qualified in its entirety by the Certificate of Designation of Series A Convertible Preferred Stock, which is attached as an Exhibit to the Company’s Annual Report filed on August 2, 2012, and incorporated herein by reference.

Separate from the Contribution Agreement, as a hiring and retention incentive, we issued warrants to purchase up to 500,000,000 shares of restricted common stock at \$0.002 per share, immediately vested and having a term of 4 years, to Vincent Browne, as part of his employment agreement. These warrants were valued at \$999,122 and we recorded \$62,445.00 and \$92,433 in expense in the three month period ended August 31, 2012 and the period ended May 31, 2012, respectively, related to these warrants.

NOTE 6 - DISPOSITION OF AXIOLOGIX HOLDINGS

On May 10, 2012, AXLX sold one of its subsidiaries, Axiologix Holdings, Inc. (“AX Holdings”), which included all of the assets and properties, subject to all the liabilities, debts, obligations and contracts of the ‘Education Business’ to Mr. John Daglis for 24,043,595 shares of restricted common stock of AXLX owned by Mr. Daglis. The “Education Business”, as set forth in Exhibit A of the Agreement and Plan of Corporate Separation and Reorganization, is defined as the operations of AXLX as conducted immediately prior to the Contribution Agreement by and among AXLX and VOIP ACQ that closed on January 17, 2012, and does not reflect the business operations of VOIP ACQ acquired in connection with that transaction. The foregoing description of the Education Business disposition is qualified in its entirety by reference to the full text of the Agreement and Plan of Corporate Separation and Reorganization, which was attached as an Exhibit to the Supplemental Information Statement filed on May 17, 2012, and is incorporated herein by reference.

As a result of this sale, we recorded a loss on the sale of \$1,040,524 for the period ended May 31, 2012.

NOTE 7 – ACQUISITION OF PRIME CARRIER

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 also issued 20,000,000 shares of restricted common stock to the Secured Lenders. 20,000,000 of the shares originally issued to VOIP were returned to AXLX in exchange, because part of the original consideration for VOIP included the subsequent acquisition of Prime Carrier. 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: (i) 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, (ii) 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 (iii) 20,000,000 shares if the HATP is less than \$0.0045 per share.

NOTE 8 – CONVERTIBLE NOTES PAYABLE

For the Three Months Ended August 31, 2012:

As of August 31, 2012, the Company had \$347,500 of principal balance on promissory notes issued and outstanding, \$307,500 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, 2012, the Company had accrued interest payable of \$85,982. Interest expense totaled \$ for the three month period ended August 31, 2012.

During the three month period ended August 31, 2012, the Company converted \$47,000 of outstanding promissory notes into 150,000,000 shares of common stock at \$0.005 and \$0.003 per share.

On July 31, 2012 the Company entered into a Subscription Agreement with an accredited investor (the “Subscriber”) for an investment of \$90,000 (the “Offering”), which closed on August 2nd, in which we issued (i) a subordinated secured convertible promissory note at a 22% original investment discount and having an interest at a rate of 8% per annum, convertible at \$0.006 per share into an aggregate of up to 15,000,000 shares of restricted common stock, with standard anti-dilution provisions and a maturity date

of 6 months after the Closing (the “Note”), (ii) warrants to purchase an aggregate of up to 22,500,000 shares of our restricted common stock at \$0.006 per share, having a five year term, standard anti-dilution and a cashless exercise provision (the “Warrants”), and (iii) 400,000 shares of Series B Convertible Preferred Stock, convertible into shares of common stock at the market price at the time of conversion and redeemable by the Company 18 months after the Closing (the “Preferred Shares”). Additionally, 20% of the gross proceeds from any capital raise that the Company closes prior to the end of 18 months shall also be used to repay the Note and redeem the Preferred Shares. The Subscriber has also been granted a subordinated security interest in all of our assets. In addition, all of our officers and 5% or greater shareholders have agreed not to sell their shares for twelve months, as further described in the Lock Up Agreement attached hereto as an Exhibit. The foregoing description of the financing transaction is qualified in its entirety by reference to the full text of the Subscription Agreement, Debenture, Warrant, Certificate of Designation of Series B Convertible Preferred Stock, Lock-Up Agreement, Subsidiary Guarantee and Security Agreement which were attached as Exhibits to the Company’s Supplemental Information Statement filed on August 13, 2012 and are incorporated herein by reference.

As the subordinated secured convertible promissory note was issued in conjunction with warrants, the Company recorded a Debt Discount of \$90,000 that is amortized over the life of the note as interest charge. The unamortized discount is netted setoff against the principal balance in the Balance Sheet incorporated in this report.

On August 10, 2012, the Company issued a \$15,000 convertible promissory note to an accredited investor in exchange for a \$15,000 investment. The note carries a 5% interest rate per annum, matures on February 10, 2013 and is convertible into shares of common stock at the conversion price per share equal to the greater of i) a twenty percent (20%) discount to the Per Share Market Price, which is defined as the average of the lowest three (3) trading days daily dollar volume-weighted average price, and ii) the fixed conversion price of \$0.00009 per share.

From the period of inception to May 31, 2012:

As of October 5, 2011, the Company had \$433,098 principal balance on promissory notes issued and outstanding. \$399,098 of this balance was convertible into common stock on terms set out below.

On September 7, 2010, the Company entered into two \$100,000 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 50% of the lowest closing price for the Company’s common stock during the previous 20 trading days from the notice of conversion. 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 Convertible Promissory Notes have a maturity date of March 15, 2013.

From the date of inception to the year ended May 31, 2012, the Company converted \$116,466 of promissory notes into common stock, resulting in the issuance of 69,949,017 shares of common stock. Conversions were according to the terms of the convertible note agreements and so no gain or loss was recorded at the time of conversion. (See Note 6).

In April of 2012 the Company entered into a Forbearance Agreement on two promissory notes issued in February of 2011 and June of 2011 totaling \$75,000 which are due and currently outstanding. The

Forbearance Agreement has a repayment plan whereby the Company agrees to pay Seventy Five Thousand Dollars (\$75,000) over a period of two hundred twenty five (225) days in nine (9) installments, \$12,500 of which has been paid as of May 31, 2012, leaving a balance of \$62,500 as of May 31, 2012. The notes have a default interest rate of 22% and are convertible into common stock at a variable conversion rate. The variable conversion rate is 58% of the average of the three lowest closing bid prices of the Company's common stock during the previous 10 trading days from the notice of conversion. Subsequently, in October of 2012, the Company defaulted on its repayment plan under this Forbearance Agreement (See Subsequent Events Note 14 for more details.)

As of May 31, 2012, the Company had \$332,288 promissory notes issued and outstanding. A portion of that, \$210,000, were convertible into common stock at various prices.

As of May 31, 2012 and October 5, 2011, the Company had accrued interest payable of \$50,869 and \$71,243, respectively. Interest expense totaled \$ period ended May 31, 2012.

NOTE 9 – STOCKHOLDERS' DEFICIT

As of August 31, 2012, the Company is authorized to issue up to 3,000,000,000 shares of common stock, at \$0.0001 par value, and up to 10,000,000 shares of preferred stock. At August 31, 2012, there were 1,070,304,612 shares issued and outstanding.

Subsequently, effective 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. (See Subsequent Events Note 14).

As of May 31, 2012, the Company was authorized to issue up to 750,000,000 shares of its \$0.0001 common stock. At May 31, 2012, there were 574,735,661 shares issued and outstanding.

During the Three Months Ended August 31, 2012:

In June of 2012, VOIP ACQ, Inc. surrendered five hundred million (500,000,000) shares of common stock in exchange for 500,000 shares of Series A Convertible Preferred Shares. The Series A Convertible Preferred Shares are convertible into a total of 500,000,000 shares of common stock and carry voting rights of 5,000 votes for each preferred share. The above description of the Series A Convertible Preferred Shares is qualified in its entirety by the Certificate of Designation of Series A Convertible Preferred Stock, which is attached as an Exhibit to the Company's Annual Report filed on August 2, 2012, and incorporated herein by reference.

In July of 2012, the Company issued 150,000,000 shares of common stock to 6 convertible debt holders, reducing its principal balance obligation by \$47,000.

Also in July of 2012, the Company issued to an accredited investor as part of a \$90,000 investment, 400,000 shares of Series B Convertible Preferred Stock, convertible into shares of common stock at the market price at the time of conversion and redeemable by the Company 18 months after the Closing. (See Note 8: Convertible Promissory Notes for more details).

In August of 2012 the Company issued 45,000,000 shares of restricted common stock to Dennis Mitrano as part of his employment agreement. (See Note 11: Management and Board of Directors Changes for more details.)

During the Year Ended May 31, 2012:

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, and were valued at \$700,000. The remaining eight hundred million (800,000,000) shares were issued on June 6, 2012, the date on which AXLX’s Articles of Incorporation were amended to increase the number of total authorized shares of common stock to 3,000,000,000.

On January 17, 2012, pursuant to the terms of Vincent Browne’s 4-year employment agreement, the Company issued to Mr. Browne warrants to purchase up to 500,000,000 shares of restricted common stock exercisable at \$0.002 per share, the market price of AXLX stock on the Closing Date, having a term of 4 years and a total value of \$999,122.

On March 5, 2012, the Company issued 20,000,000 shares of restricted common stock to ETV, one of AXLX subsidiaries’ creditors, as part of the consideration for the acquisition of Prime Carrier by AXLX. 20,000,000 of the shares originally issued to VOIP were returned to AXLX in exchange, because part of the original consideration for VOIP included the subsequent acquisition of Prime Carrier.

On April 18, 2012, the Company issued 5,000,000 shares of restricted common stock for services. The shares were valued at the closing trading price of the Company’s common stock at the time of issuance, \$0.002 per share, and accordingly the Company recorded \$10,000 of stock based compensation.

In May of 2012, the Company issued 67,000,000 shares of common stock to 4 convertible debt holders, reducing its principal obligation by \$28,500.

NOTE 10 – RELATED PARTY TRANSACTIONS

In June of 2012, VOIP ACQ, Inc. surrendered five hundred million (500,000,000) shares of common stock in exchange for 500,000 shares of Series A Convertible Preferred Shares. The Series A Convertible Preferred Shares are convertible into a total of 500,000,000 shares of common stock and carry voting rights of 5,000 votes for each preferred share. Vincent Browne controls and is a 70% owner of VOIP ACQ, Inc. (See Note 5: Acquisition of VOIP ACQ).

For the Year Ended May 31, 2012:

During the year ended May 31, 2012, the officers and directors together loaned the Company a total of \$55,000, as follows: Mr. Daglis: \$25,000, \$20,000 of which was assigned to a trust, E&CR Trust, controlled by Mr. Daglis; Mr. Schafer: \$18,000; Mr. Romito: \$3,000, and Mr. Siliunas: \$4,000. 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. The Company repaid \$1,000 to one officer, Emily Vassallo, for an outstanding loan.

Subsequently, on December 5, 2011, each officer and director 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 will automatically convert into a total of 10% of the Company’s common

stock immediately upon the completion of a reverse stock split. The form of the Addendum to these related party promissory notes is attached and incorporated herein by reference.

On January 17, 2012 the Company entered into a 4 year employment agreement with Mr. Vincent Browne. Pursuant to the terms of his 4 year employment agreement, Mr. Browne will receive salary in the amount of \$150,000 per year and warrants to purchase up to 500,000,000 shares of restricted common stock at \$0.002 per share, the market price of AXLX stock on the Closing Date, having a term of 4 years. He will be entitled to participate in other employee benefit plans to the same extent provided to other executive officers. The foregoing description of the terms of employment of Mr. Browne is qualified in its entirety by reference to the full text of Mr. Browne's Employment Agreement and Warrant, which are attached as Exhibits to the Company's Initial Disclosure Statement filed on April 20, 2012, and are incorporated herein by reference.

On March 5, 2012 AXLX acquired substantially all of the assets of Prime Carrier Limited via a wholly subsidiary, Axiologix Limited. (See Note 6: Acquisition of Prime Carrier). Vincent Browne controls and is a 66% owner of Prime Carrier Limited.

Also in March of 2012, Vincent Browne, our CEO, CFO and Chairman of the Board, loaned the Company \$19,788. This loan carries no interest and is due on demand.

On May 10, 2012, AXLX sold one of its subsidiaries, Axiologix Holdings, Inc. ("AX Holdings"), which included all of the assets and properties, subject to all the liabilities, debts, obligations and contracts of the 'Education Business' to Mr. John Daglis for 24,043,595 shares of restricted common stock of AXLX owned by Mr. Daglis. (See Note 5: Acquisition of VOIP and Subsequent Disposition of Axiologix Holdings).

NOTE 11 - MANAGEMENT AND BOARD OF DIRECTORS CHANGES

Effective August 17, 2012, Dennis Mitrano was appointed as President of Telecom Operations of the Company. Axiologix entered into an employment agreement with Mr. Mitrano, effectuating the following: (i) Mr. Mitrano's title is President of Telecom Operations of Axiologix; (ii) Mr. Mitrano will receive a salary in the amount of \$150,000 per year; (iii) Mr. Mitrano was issued 45,000,000 shares of immediately vested restricted common stock; (iv) Mr. Mitrano is eligible to earn a performance related bonuses of up to 50% of his salary; (v) Mr. Mitrano is eligible for long term incentive compensation based on performance, of 2% of the then total issued and outstanding shares of the Company's common stock, vesting over a period of three years such that 1/4 of the shares issued vest immediately, and 1/4 vest at each annual anniversary thereafter, and as further described in his employment agreement; and (vi) after the first six months of employment, the Board of Directors of Axiologix will review Mr. Mitrano's performance and the terms of his employment agreement and may, in its sole discretion, extend the term of his Agreement to a period of three years, including a nine month severance payment. The foregoing description of Mr. Mitrano's Employment Agreement is qualified in its entirety by reference to the full text of the Employment Agreement, which is attached hereto as Exhibit 1 and is incorporated herein by reference.

Effective September 21, 2012, Dennis Mitrano was elected as a director of the Company.

The following is a description of the business experience of Mr. Mitrano for at least the past five years:

Dennis Mitrano, age 57. Mr. Mitrano became President of Telecom Operations of AXLX on August 17, 2012. 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.

For the Year Ended May 31, 2012:

On January 17, 2012, as part of the closing of the VOIP transaction, each executive officer and member of the Board of Directors of AXLX resigned, with the exception of John Dagleis who remained on the Board of Directors until he resigned on May 11, 2012.

Also on January 17, 2012, Mr. Dagleis resigned as CEO and Ms. Vassallo resigned as Corporate Secretary, and Vincent Browne became Chief Executive Officer, Chief Financial Officer, Corporate Secretary and a member of the Board of Directors of AXLX.

NOTE 12 – 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 8 – Convertible Promissory Notes for more details.

NOTE 13 – 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 August 31, 2012 the fair value of the embedded derivatives included on the accompanying balance sheet was \$96,006. During the three months ended August 31, 2012, the Company did not recognize any

changes in fair value of derivative liability totaling. Key assumptions used in the valuation of derivative liabilities associated with the convertible notes at August 31, 2012 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.

NOTE 14 – SUBSEQUENT EVENTS

We have evaluated subsequent events through November 15, 2012, which is the date the financial statements were issued.

Effective September 14, 2012, the Company's name has changed to Axiologix, Inc.

On October 4, 2012, the Company amended its Articles of Incorporation to decrease the per share par value of its common stock from \$0.001 par value per share to \$0.0001 par value per share. The Amendment to our Articles of Incorporation was filed with the Secretary of State of Nevada and went effective on October 12, 2012.

In October of 2012, the Company defaulted on its Forbearance Agreement entered into in April of 2012. Consequently, the note holder converted one of the two promissory notes under the Forbearance Agreement in full for 39,268,293 shares of common stock. A second convertible promissory note in the default amount of \$48,750 remains outstanding and is convertible at 58% of the average of the three lowest closing bid prices of the Company's common stock during the previous 10 trading days from the notice of conversion.

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 PBX services to small and medium sized business customers using strategic partner relationships.

From September 1, 2012 to November 15, 2012, the Company has issued a total of 15,000,000 shares of common stock in exchange for services rendered, and the Company has issued a total of 64,268,293 shares of common stock pursuant to the conversion of two convertible promissory notes in the total amount of \$21,100.

Item 4 Management's discussion and analysis or plan of operation.

You should read the following discussion and analysis of our financial condition and plan of operations together with our financial statements and related notes appearing elsewhere in this Quarterly Report. Various statements have been made in this Report that may constitute "forward-looking statements". Forward-looking statements may also be made in the Company's other reports filed with or furnished to the OTC Markets Group and/or the United States Securities and Exchange Commission (the "Commission") and in other documents. In addition, from time to time, the Company, through its management, may make oral forward looking statements. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from such statements. The words "believe," "expect," "anticipate," "optimistic," "intent," "plan," "aim," "will," "may," "should," "could," "would," "likely" and similar expressions are intended to identify forward looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. AXLX undertakes no obligation to update or revise any forward-looking statements.

OVERVIEW

Management's primary objectives for the three months ended August 31, 2012 were to maintain profitable operations in Axiologix Limited, service existing debt agreements, manage debt levels and maintain positive cash flows from operations. In addition to these, we also successfully recruited a seasoned industry veteran to our Board of Directors and executive management team and continue to pursue further acquisitions in line with our stated strategy of building an international Cloud services organization.

As of August 31, 2012, we had cash and cash equivalents of \$15,126 and a working capital deficiency of \$529,271. As of August 31, 2012 our accumulated deficit was \$1,253,637. For the three months ended August 31, 2012 our net loss was \$209,942.

Our loss has been funded by proceeds from the sale of our common stock and convertible promissory notes. During the three months ended August 31, 2012 we raised \$61,766 of net proceeds through the sale of subordinated convertible debt. During the period ended May 31, 2012 we raised \$19,788 of net proceeds through financing activities and our cash position increased by \$605.

We generated net cash of \$10,404 from operating activities for the three months ended August 31, 2012. We generated net cash of \$37,463 from operating activities for the period ended May 31, 2012. We did not use any money in investing activities for the period from inception to August 31, 2012.

During the three months ended August 31, 2012 our monthly cash requirement for operations was \$0. During the period from inception to May 31, 2012 our monthly cash requirement for operations was \$0. We expect this to increase to approximately \$20,000 in coming months with the hiring of additional personnel and when full year costs for corporate overheads are incurred.

We intend to meet our cash requirements for the next 12 months through external sources: a combination of debt financing and equity financing through private placements. Although we are generating revenues and positive net income from our operating company, we may not have enough positive internal operating cash flows to repay current debts in line with the agreed schedules or to help grow the business.

These financial statements have been prepared on the assumption that we are a going concern, meaning we will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate when a company is not expected to continue operations for the foreseeable future. Our continuation as a going concern is dependent upon our ability to maintain profitable operations and generate funds there-from, and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management plans to raise equity and debt financings over the next twelve months to finance operations. There is no guarantee that we will be able to complete any of these objectives. We have incurred losses from operations since inception and at August 31, 2012, have a working capital deficiency and an accumulated deficit that creates substantial doubt about our ability to continue as a going concern.

WE INTEND TO CONTINUE TO RAISE FUNDS TO MEET OUR CASH REQUIREMENTS FROM A COMBINATION OF DEBT FINANCING AND EQUITY FINANCING THROUGH PRIVATE PLACEMENTS. THERE IS NO GUARANTEE THAT WE WILL BE SUCCESSFUL IN RAISING ANY ADDITIONAL CAPITAL. THERE IS NO ASSURANCE THAT WE WILL BE ABLE TO OBTAIN SUCH ADDITIONAL FUNDS ON FAVORABLE TERMS, IF AT ALL. IF WE FAIL IN RAISING CAPITAL, OUR BUSINESS MAY FAIL AND WE MAY CURTAIL OR CEASE OUR OPERATIONS.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED AUGUST 31, 2012 and From Inception (October 5, 2011) to May 31, 2012.

Revenues

For the three months ended August 31, 2012 our revenues were \$207,600, representing a 7.7% increase on the three months ending May 31, 2012. For the period from inception to May 31, 2012 our revenues were \$187,139. Revenues for the full year from existing operations are expected to reach \$1 million. Gross margins for the three months ended August 31, 2012 were 95% or \$196,641.

Expenses

Operating expenses totaled \$277,438 for the three months ended August 31, 2012. Operating expenses totaled \$239,542 for the period from inception to May 31, 2012.

Our selling, general and administrative expenses consist of non-cash stock based compensation charges, bank charges, travel, meals and entertainment, office maintenance, communication expenses (internet, fax, and telephone), courier, postage costs, office supplies. Our selling, general and administrative expenses for the three months ended August 31, 2012 totaled \$160,993 and for the period from inception to May 31, 2012 totaled \$139,740.

Non-cash stock based compensation expense totaled \$116,445 and \$92,433, respectively, for the three months ended August 31, 2012 and for the period from inception to May 31, 2012, and consists of shares of common stock issued for services.

We incurred \$21,189 and \$7,368 in depreciation and amortization charges for the three months ended August 31, 2012 and for the period from inception to May 31, 2012, respectively.

Net Loss

For the three months ended August 31, 2012, we have incurred a net loss of \$209,942, which is primarily as a result of non-cash operating costs of \$116,445, depreciation of \$21,189 and an increase in interest charges of \$15,731 due to the debt discount amortization. Current operations are insufficient to cover these non-cash costs and the Company will have to increase revenues and gross margins in the future in order to reach sustainable positive net income.

From inception on October 5, 2011 to May 31, 2012, we have incurred a net loss of \$1,253,637, which is primarily as a result of a one-time charge of \$1,040,524 to record the sale of Axiologix Holdings Inc., the education business that was the primary activity of the Company until January 17, 2012, to Mr. John Daglis, the Company's former Chief Executive and former Director.

Item 5 Legal proceedings.

We are not a party to any legal proceedings.

Item 6 Defaults upon senior securities.

None.

Item 7 Other information.

Effective September 14, 2012, the Company's name has changed to Axiologix, Inc. As was previously disclosed in our Supplemental Information Statement filed on June 7, 2012, the majority of our stockholders voted in favor of amending our Articles of Incorporation to change the Company's name from Axiologix Education Corporation to Axiologix, Inc. The name change was filed on June 6, 2012 with the Secretary of State of Nevada, through the filing of a Certificate of Amendment to our Articles of Incorporation, which was attached as an Exhibit to our Supplemental Information Statement filed on June 7, 2012. FINRA accepted our corporate action name change request yesterday, with a market effective date of today, September 14, 2012.

On October 4, 2012, the Company amended its Articles of Incorporation to decrease the per share par value of its common stock from \$0.001 par value per share to \$0.0001 par value per share. The Amendment to our Articles of Incorporation was filed with the Secretary of State of Nevada and went effective on October 12, 2012.

In October of 2012, the Company defaulted on its Forbearance Agreement entered into in April of 2012. Consequently, the note holder converted one of the two promissory notes under the Forbearance Agreement in full for 39,268,293 shares of common stock. A second convertible promissory note in the default amount of \$48,750 remains outstanding and is convertible at 58% of the average of the three lowest closing bid prices of the Company's common stock during the previous 10 trading days from the notice of conversion.

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

From September 1, 2012 to November 15, 2012, the Company has issued a total of 15,000,000 shares of common stock in exchange for services rendered, and the Company has issued a total of 64,268,293 shares of common stock pursuant to the conversion of two convertible promissory notes in the total amount of \$21,100.

Item 8 Exhibits.

Exhibit Reference	Description
*	Articles of Incorporation
**	Amended Articles of Incorporation
5	Amended Articles of Incorporation
*	Bylaws
*	Contribution Agreement by and among Axiologix Education Corporation and VOIP ACQ, Inc. dated December 5, 2011
*	Form of Addendum to Related Party Convertible Promissory Note dated December 5, 2011
*	Employment Agreement by and among Axiologix Education Corporation and Mr. Vincent Browne dated January 17, 2012
*	Warrant issued to Mr. Browne on January 17, 2012
*	Asset Sale Agreement by and among Prime Carrier Limited and Axiologix Limited dated March 5, 2012
*	The Facility Letter by and among Axiologix Limited, ETV Capital S.A. and ACT Venture Capital Limited dated March 5, 2012
*	The Supplemental Agreement by and among Axiologix Limited, Axiologix Education Corporation, ETV Capital S.A. and ACT Venture Capital Limited dated March 5, 2012
*	The Debenture by and among Axiologix Limited, ETV Capital S.A. and ACT Venture Capital Limited dated March 5, 2012
1	Agreement and Plan of Corporate Separation and Reorganization by and among Axiologix Education Corporation, John Daglis and Axiologix Holdings, Inc. dated May 10, 2012.
2	Forbearance Agreement by and among Axiologix Education Corporation and Asher Enterprises, Inc. dated April 11, 2012.
2	Certificate of Designation of the Series A Convertible Preferred Stock.

- 3 Subscription Agreement by and among Axiologix, Inc. and the Subscriber dated July
31, 2012.
- 3 Secured Convertible Promissory Note issued from Axiologix, Inc. dated July 31,
2012.
- 3 Security Agreement by and among Axiologix, Inc. and the Subscriber dated June 31,
2012.
- 3 Certificate of Designation of Series B Convertible Preferred Stock.
- 3 Warrant Certificate issued to Subscriber dated July 31, 2012.
- 3 Subsidiary Guarantee issued to Subscriber dated July 31, 2012.
- 3 Lock-Up Agreement by and among Vincent Browne dated July 31, 2012.
- 4 Employment Agreement by and among Axiologix, Inc. and Dennis Mitrano dated
August 17, 2012.
- 5 Convertible Promissory Note issued to Prophet Strategies LLC on August 10, 2012.

* Filed as an Exhibit to the Company's Initial Disclosure Statement filed on April 20, 2012, and incorporated herein by reference.

** Filed as an Exhibit to the Company's Supplemental Information Statement filed on June 7, 2012, and incorporated herein by reference.

(1) Filed as an Exhibit to the Company's Supplemental Information Statement filed on May 17, 2012, and incorporated herein by reference.

(2) Filed as an Exhibit to the Company's Annual Report filed on August 2, 2012, and incorporated herein by reference.

(3) Filed as an Exhibit to the Company's Supplemental Information Statement filed on August 13, 2012, and incorporated herein by reference.

(4) Filed as an Exhibit to the Company's Supplemental Information Statement filed on September 26, 2012.

(5) Filed herewith.

Item 9**Certifications.**

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 operation and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 15, 2012

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, Chairman of the Board and Chief Financial Officer