AXIOLOGIX, INC.

A Nevada Corporation Listed on the OTC Pink Market

Current Trading Symbol: AXLX.PK

Annual Report

For the Twelve Months Ended May 31, 2013

Including Financial Statements and Disclosures

Prescribed by OTC Pink Market for

Alternative Reporting Standards.

Filed on September 10, 2013

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

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

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

2) Address of the issuer's principal executive offices

Company Headquarters
1990 Main Street, Suite 750,
Sarasota, FL 34236
Telephone: 941-309-5334
Facsimile: 941-309-5201
Website: www.axiologix.net

Investor Relations: vbrowne@axiologix.net
1990 Main Street, Suite 750,
Sarasota, FL 34236
Telephone: 941-309-5334
Facsimile: 941-309-5201
Website: www.axiologix.net

3) Security Information

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

Common Stock:
CUSIP: 05462T106
Par or Stated Value: $0.0001
Total shares authorized: 8,000,000,000 as of: May 31, 2013
Total shares outstanding: 1,957,882,582 as of: May 31, 2013

Preferred Stock:
Par or Stated Value: $0.001
Total shares authorized: 10,000,000 as of: May 31, 2013
Total shares outstanding: 900,024 as of: May 31, 2013

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

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

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

List any restrictions on the transfer of security:

None

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

None

4) Issuance History

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

During the twelve months ended May 31, 2013, the Company issued a total of 1,925,672,581 shares of common stock. Of this amount, 62,000,000 shares of restricted common stock were issued in exchange for services rendered; 663,672,691 shares of unrestricted common stock were issued from the conversion of $193,875 worth of convertible promissory notes; 400,000,000 shares of unrestricted common stock were issued in exchange for the partial settlement of $800,000 worth of debt under SEC Rule 3(a)(10), and the balance, or 800,000,000 shares of restricted common stock were issued to VOIP ACQ as part of the Contribution Agreement, described below. Additionally, 500,000,000 shares of restricted common stock were returned by VOI ACQ in exchange for 500,000 shares of Series A Convertible Preferred Stock. Additionally, $170,000 worth of new convertible promissory notes were issued in exchange for cash, with conversion prices ranging from a 20% to 50% discount to the Market Price of the Company's common stock. In addition, 400,000 shares of Series B Convertible Preferred Stock and warrants to purchase up to 22,500,000 shares of restricted common stock at $0.006 per share was issued to an accredited investor in exchange for cash. In addition, 2,000 shares of Series C Convertible Preferred Stock was designated and 24 shares of Series C Convertible Preferred Stock were issued to an accredited investor in exchange for cash.

During the year ended May 31, 2012, the Company issued a total of 422,000,000 shares of common stock. Of this amount, 5,000,000 shares of restricted common stock were issued in exchange for services rendered; 67,000,000 shares of unrestricted common stock were issued from the conversion of $28,500 worth of convertible promissory notes, and the balance, or 350,000,000 shares of restricted common stock were issued to VOIP ACQ as part of the Contribution Agreement, described below. Additionally, warrants to purchase up to 500,000,000 shares of restricted common stock at $0.002 per share were issued to Vincent Browne as part of his compensation package, and 23,700395 shares of common stock were returned in exchange for the sale of a subsidiary company.

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

5) Financial Statements

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

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

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

The Company's unaudited financial statements for its twelve months ended May 31, 2013 and 2012 are attached hereto and incorporated herein as part of the Company's Annual Company Information and Disclosure Statement and filed herewith at the end of this Report. They are prepared by Company management who, via qualifications and prior direct business experience have sufficient financial skills.

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

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

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

As of and for the twelve months ended May 31, 2013, we operated our business through two wholly-owned subsidiaries, Axiologix Limited and AxioComm, Inc. 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 twelve years. AxioComm offers IP voice, data and Cloud services directly to small and medium sized businesses throughout the United States.

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

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

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

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

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

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

D. the issuer's fiscal year end date;

May 31st

E. principal products or services, and their markets;

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

7) Describe the Issuer's Facilities

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

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

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

The Company leases office space for its headquarters on a yearly basis, with renewal options, from Regus. The office is currently located at 1990 Main Street, Suite 750, Sarasota, Florida 34236. Axiologix Limited leases office space for its operations on a month-to-month basis; its office is located at Liscara, 51 Fitzwilliam Square, Dublin 2, Ireland.

8) Officers, Directors, and Control Persons

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

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

Chief Executive Officer, Chief Financial Officer, Corporate Secretary and Director:	Vincent Browne
President ,Chief Operations Officer and Director:	Dennis Mitrano
Control Person:	VOIP ACQ, INC.

Vincent Browne, *Chief Executive Officer, Chief Financial Officer, Corporate Secretary and Chairman of the Board of Directors, age 44.*

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

Dennis Mitrano, age 57. Mr. Mitrano became President of Telecom Operations of AXLX on August 17, 2012. Effective September 21, 2012, Dennis Mitrano was elected as a director of the Company. Mr. Mitrano is also currently President & CEO for Realistic Solutions, Inc. and has served in that capacity since July 1992. Mr. Mitrano has over 30 years experience bringing technologies and companies to market. Prior to joining AXLX, Mr. Mitrano was President with DayStar Communications since January 2011 and will remain in that position through the closing date of its pending acquisition, which is anticipated to be September 29, 2012. Prior to that, from April 2007 to January of 2011, Mr. Mitrano was with Intellectual Property Partners in the capacity of Partner. Mr. Mitrano holds an MBA from George Washington University, majoring in Finance and International Business, and received a Bachelor of Science in Finance from Virginia Tech. He is currently on the advisory boards of two early stage firms, is an Executive Advisory Board member of ATP (Association for Telecom Professionals) and has been involved with TAG (Technology Association of Georgia) for over 10 years. Mr. Mitrano is also a member of the Turnaround Management Association.

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

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

No

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

No

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

No

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

No

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

VOIP ACQ, INC.: 58% Beneficial Shareholder of Issuer
Vincent Browne: owns 70% of VOIP ACQ
Address: c/o 4 the Cubes, Beacon South Quarter, Sandyford, Dublin 14, Ireland.

VOIP ACQ, INC.'s Registered Agent:
Harvard Business Services, Inc.
16192 Coastal Highway
Lewes, DE 19958

9) Third Party Providers

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

Accountant or Auditor

Name:	Casey Kinchen
Firm:	M&K CPAS, PLLC
Address 1:	4100 North Sam Houston Pkwy W
Address 2:	Houston, TX 77086
Phone:	+1-832-242-9950
Email:	+1-832-242-9956

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

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

10) Issuer Certification

I, Vincent Browne, certify that:

1. I have reviewed this Annual Report of Axiologix, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

September 10, 2013

Vincent Browne

Chief Executive Officer and Chief Financial Officer

AXIOLOGIX, INC. & SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE TWELVE MONTHS

ENDED MAY 31, 2013

AXIOLOGIX, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	May 31, 2013	May 31, 2012
ASSETS		
Current Assets		
Total cash and cash equivalents	7,076	19,681
Trade receivables	114,322	86,034
Revenue earned not yet invoiced	19,091	-
Prepaid expenses and other current assets	476,035	-
Current Assets	616,523	105,715
Equipment and IP	601,570	673,623
Intangible assets and goodwill	-	-
Total Assets	$1,218,093	$779,339
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Payables within 1 year		
Accounts payable and accrued liabilities	324,714	199,680
Accrued interest payable	44,953	50,869
Convertible notes payable, third party - net of discount	252,677	272,500
Convertible notes payable, related parties - net of discount	40,000	40,000
Secured Debentures - short term	18,960	324,110
Notes Payable - related parties	19,788	19,788
Embedded note derivative liability	-	96,006
Series C Preferred dividends payable	2,566	-
Deferred revenue	142,528	133,112
Total Liabilities	846,186	1,136,065
Payables after 1 year		
Secured Debentures - long term	-	217,591
Series B Redeemable Preferred shares	400,000	-
Total due after one year	400,000	217,591
Temporary Equity		
Series C Convertible preferred shares	240,000	-
Stockholders' Equity		
Series A Convertible Preferred shares	10,000	-
Common stock, $0.0001 par value; 8,000,000 shares authorized, 1,955,980,582 and 575,304,612 shares issued and outstanding, as of May 31, 2013 and May 31, 2012, respectively	195,598	57,531
Common Stock Issuable	-	80,000
Additional paid in capital	1,592,511	309,274
Other Comprehensive Income / (Loss)	11,651	-
Accumulated deficit	(2,077,853)	(1,021,122)
Total Shareholders' Equity / (Deficit)	(268,093)	(574,318)
Total Liabilities and Stockholders' Deficit	$1,218,093	$779,338

See accompanying notes to the consolidated financial statements.

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

	For the Three Months Ended May 31, 2013	For the Three Months Ended May 31, 2012	For the Twelve Months Ended May 31, 2013	For the period from October 5, 2011 to May 31, 2012
Revenues	$190,974	$187,139	$901,653	$187,139
Cost of revenues	(9,525)	(8,731)	(44,841)	(8,731)
Gross profit (loss)	181,450	178,407	856,811	178,407
Operating expenses				
Sales and general administrative	605,075	93,741	1,320,482	139,741
Stock compensation expense	-	62,445	116,445	92,433
Earnings before interest, tax, depreciation and amortization (EBITDA)	(423,625)	22,222	(580,116)	(53,767)
Depreciation and amortization	24,869	7,368	100,521	7,368
Operating Income	(448,494)	14,854	(680,637)	(61,135)
Other (income) expense				
(Gain) loss on foreign exchange	-	929	8	989
Interest expense	35,049	85,459	346,626	85,459
(Profit) loss on sale of assets	-	1,040,524	7,886	1,040,524
(Profit) loss on settlement of debt		(112,500)		(140,500)
Net Profit (loss)	**$(483,543)**	**$(999,559)**	**$(1,035,157)**	**$(1,047,607)**
Net profit (loss) attributable to common stockholders	**$(483,543)**	**$(999,559)**	**$(1,035,157)**	**$(1,047,607)**
Net loss per share - basic and diluted	**($0.00)**	**($0.00)**	**($0.00)**	**($0.00)**
Weighted average shares outstanding				
Basic and diluted	**1,283,339,550**	**419,643,814**	**1,283,339,550**	**419,643,814**

See accompanying notes to the consolidated financial statements.

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

	Preferred stock		Common stock		Common stock issuable		Additional		
	Shares	Amount	Shares	Amount	Shares	Amount	paid-in capital	Accum. deficit	TOTAL
Balances at May 31, 2012	**0**	**$-**	**575,304,612**	**$57,531**	**800,000,000**	**$80,000**	**$309,275**	**$(1,047,608)**	**$(600,803)**
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 convertibel notes							95,000		$95,000
Stock Iissuable 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)
Net profit / (loss) for the period								(256,754)	$(256,754)
Balances at August 31, 2012	**500,000**	**$10,000**	**1,070,304,612**	**$107,031**	**0**	**$-**	**$586,219**	**$(1,304,362)**	**$(611,114)**
Conversion of notes payable			97,601,626	9,760			16,340		$26,100
Shares Issued for services			17,000,000	1,700			9,100		$10,800
Net profit / (loss) for the period								(84,917)	$(84,917)
Balances at November 30, 2012	**500,000**	**$10,000**	**1,184,906,238**	**$118,491**	**0**	**$-**	**$611,659**	**$(1,389,279)**	**$(659,131)**
Conversion of debt and other payables			289,071,065	28,907			65,368		$94,275
Stock issued to Ironridge Global IV			150,000,000	15,000			868,178		$883,178
Retirement of derivative liability							96,006		$96,006
Debt discount on convertible notes							58,500		$58,500
Other comprehensive income / (loss)								1,242	$1,242
Net profit / (loss) for the period								(206,273)	$(206,273)
Balances at February 28, 2013	**500,000**	**$10,000**	**1,623,977,303**	**$162,398**	**0**	**$-**	**$1,699,711**	**$(1,594,310)**	**$267,797**
Conversion of debt and other payables			82,000,000	8,200			11,800		$20,000
Stock issued to Ironridge Global IV			250,000,000	25,000			(25,000)		$-
Issuance of Series C Preferred shares for fees	19	190,000					-		$-
Issuance of Series C Preferred shares for cash	5	50,000					-		$-
Debt discount on convertible notes							45,000		$45,000
Amortization of deferred financing fees							(139,000)		$(139,000)
Other comprehensive income / (loss)								11,651	$11,651
Net profit / (loss) for the period								(483,543)	$(483,543)
Balances at May 31, 2013	**500,024**	**$250,000**	**1,955,977,303**	**$195,598**	**0**	**$-**	**$1,592,511**	**$(2,066,202)**	**$(278,093)**

See accompanying notes to consolidated financial statements.

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

	For the Twelve Months Ended May 31, 2013	From inception October 5, 2011 to May 31, 2012
Cash Flows from Operating Activities:		
Net loss	$(1,035,157)	$(1,021,123)
Adjustments to reconcile net loss to net cash used in operations		
Depreciation and amortization	100,521	8,528
Non-cash stock based compensation	62,445	92,433
Common Stock Issued for services	64,800	10,000
Amortization of debt discount	121,602	49,960
Debt issuance and deferred offering Costs	(25,035)	1,320
Non cash interest charges	106,022	-
(Profit)/Loss on debt settlement	-	(140,500)
Loss on sale of Axiologix Holdings Inc. - Education Assets	-	1,040,186
Changes in assets and liabilities, net of acquisition and disposals:		
Accounts receivable	(47,380)	(342)
Accounts payable & accrued liabilities	488,212	17,687
Deferred revenue	9,416	(15,457)
Series C Preferred share dividends due	2,566	-
Accrued interest	63,533	18,474
Net cash generated from operating activities	**(88,455)**	**61,166**
Cash Flows from Investing Activities:		
Purchases of fixed assets	-	10,196
Cash from Acquisition	-	-
Investment in notes receivable	-	-
Net cash used in investing activities	-	10,196
Cash Flows From Financing Activities:		
Net borrowings from related partes	-	19,788
Proceeds from sale of Series C preferred shares	50,000	-
Proceeds from sale of convertible debt	165,266	-
Payments on convertible notes payable	(37,000)	(15,000)
Payments on secured notes payable	(66,219)	(58,825)
Net cash provided (used) by financing activities	**112,047**	**(54,037)**
Cash Flows From Foreign Currency Activities:		
Exchange gain (loss) on translation of foreign assets	(36,197)	2,356
Net cash provided by (used in) foreign currency activities	**(36,197)**	**2,356**
Net increase (decrease) in cash and cash equivalents	(12,605)	19,681
Cash and cash equivalents, beginning of the period	19,681	-
Cash and cash equivalents, end of the period	**7,076**	**19,681**
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Cash paid for interest	$28,028	$11,936
Cash paid for taxes	$-	$-

See accompanying notes to consolidated financial statements.

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

SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:

	For the Twelve Months Ended May 31, 2013	**From inception October 5, 2011 to May 31, 2012**
Common stock issued for conversion of notes payable and accrued interest	$185,375	$116,446
Common stock issued for common stock payable	$-	$10,000
Settlement of derivative liability to additional paid in capital	$96,006	$18,414
Common stock issued for services	$10,800	$10,000
Common stock issued to officers for services	$54,000	$-
Common Stock issued and issuable to Ironridge on settlement of debt	$883,178	$-
Debt discount related to convertible notes payable	$108,500	$-
Convertible prefrerred shares issued for services	$400,000	$-
Interest capitalized	$58,350	$-
Acquisition of Axiologix Education:		
Prepaymnets	$-	$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 partoes - net of discount	$-	$(40,000)
Notes Payable - third parties	$-	$(112,500)
Notes Payable - related parties	$-	$(34,000)
Embedded note derivative liability	$-	$(114,420)
	$-	$346,974
Disposition of Axiologix Holings Inc. - Education:		
23,700,395 Common Shares returned and cancelled	$-	$137,462
Goodwill	$-	$(1,177,648)
Loss on disposition	$-	$(1,040,186)

See accompanying notes to the consolidated financial statements.

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

NOTE 1 – ORGANIZATION AND BUSINESS OPERATIONS

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

On 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 Notes 5 and 6).

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).

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

We are headquartered at 1990 Main Street, Suite 750, Sarasota, FL 34236, and our telephone number is 941-309-5334. The address of our website is www.axiologix.net . Information on our website is not part of this report.

As of and for the twelve months ended May 31, 2013, we operated our business through two wholly-owned subsidiaries, Axiologix Limited and AxioComm, Inc. Axiologix Limited does business under the name Prime Carrier, and delivers Cloud based software to the international telecommunications marketplace as it has done for over ten years. AxioComm offers IP voice, data and Cloud services directly to small and medium sized businesses throughout the United States.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Reclassification

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

Use of estimates

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

Cash and cash equivalents

The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at May 31, 2013.

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 May 31, 2013 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 twelve month periods ended May 31, 2013, the effect of considering any common stock equivalents, if outstanding, would have been anti-dilutive. A separate computation of diluted earnings (loss) per share is not presented.

Warrants to purchase an aggregate of up to 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. Additionally, warrants to purchase up to 500,000,000 shares of common stock at $0.002 per share were issued in January of 2012. No warrants have been exercised as of May 31, 2013.

	May 31, 2013	May 31, 2012
Net loss per share – basic and diluted	(1,035,157)	(1,047,607)
Weighted average number of shares issued and outstanding - basic and diluted	1,283,339,550	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:

Security	**Common Stock Equivalent**	
	May 31, 2013	May 31, 2012
Series A convertible preferred shares	500,000,000	-
Series B convertible preferred shares	800,000,000	-
Series C convertible preferred shares		-
Convertible notes payable	1,115,441,977	258,087,000
Outstanding warrants to purchase common stock	500,000,000	500,000,000
Total	1,115,441,977	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 and deferred financing costs. The prepaid expenses and financing costs are amortized over the term of the consulting agreements or in line with the specific performance milestones within the agreements.

Property and Equipment

Property and equipment are stated at cost. The Company amortizes the cost of property and equipment 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 May 31, 2013 the Company reported $11,651 in comprehensive gain, representing the translation difference for foreign currency assets held into U.S. Dollars in the group balance sheet. See below.

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 $2,000,000 as of May 31, 2013 that will be offset against future taxable income. No tax benefit has been reported in the financial statements as they cannot be accurately measured due to uncertainties in There were no uncertain tax positions taken by the Company.

NOTE 3 – GOING CONCERN

As reflected in the accompanying financial statements, the Company has a net loss of $1,035,157 and $1,643,607 for the twelve month periods ended May 31, 2013 and May 31, 2012 respectively. Net cash used from operations was $88,455 for the twelve months ended May 31, 2013 and net cash generated from operations of $61,166 for the twelve months ended May 31, 2012. The Company had a working capital deficit of $229,663 and a stockholders' deficit of $268,093 at May 31, 2013.

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

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

ULTIMATELY, THE COMPANY'S ABILITY TO CONTINUE AS A GOING CONCERN IS DEPENDENT UPON ITS ABILITY TO ATTRACT NEW SOURCES OF CAPITAL, AND EXPLOIT THE GROWING VOIP TELECOM AND DATA SERVICES MARKET IN ORDER TO ATTAIN A REASONABLE THRESHOLD OF OPERATING EFFICIENCY AND ACHIEVE SUSTAINED 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 that approximates fair value, and therefore, no items were valued according to these inputs.

The levels of fair value hierarchy are as follows:

Level 1 inputs utilize unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access;

- Level 2 inputs utilize other-than-quoted prices that are observable, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs such as interest rates and yield curves that are observable at commonly quoted intervals; and

- Level 3 inputs are unobservable and are typically based on our own assumptions, including situations where there is little, if any, market activity.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the Company categorizes such financial asset or liability based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

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

No items were valued at fair value on a recurring basis as of May 31, 2013.

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 $ in expense in the twelve month period ended May 31, 2013, 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 twelve month 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.

On February 22, 2013, Ironridge Global IV, Ltd. purchased the total outstanding amounts owed to the Secured Lenders, and subsequently settled that amount owed in exchange for shares of AXLX common stock. (See Note 8: Ironridge for more details).

NOTE 8 – IRONRIDGE 3(a)(10) Transaction

On February 22, 2013, AXLX and Ironridge Global IV, Ltd ("IV") settled $802,889.00 in AXLX accounts payable, now owned by IV, in exchange for shares of AXLX common stock. Pursuant to an order approving stipulation for settlement of claims between IV and AXLX, IV is entitled to receive 10 million common shares plus that number of shares with an aggregate value equal to the debt amount plus a 10% third-party agent fee, and reasonable attorney fees, divided by 70% of the following: the closing price of AXLX's common stock on the date prior to entry of the order, not to exceed the arithmetic average of the individual daily volume weighted average prices of any five trading days during a period equal to that number of consecutive trading days following the date of initial receipt of shares required for the aggregate trading volume to exceed $9 million.

IV received an initial issuance of 150 million unrestricted AXLX common shares, and has received a total of 400 million unrestricted AXLX common shares during the twelve months ended May 31, 2013, and may be required to return or be entitled to receive additional shares, based on the calculation summarized in the prior paragraph. For purposes of calculating the percent of class, the reporting persons have assumed that there were a total of 1,435,370,902 shares of common stock outstanding immediately prior to the issuance of shares to IV, such that the shares initially issued to IV would represent approximately 9.99% of the outstanding common stock after such issuance. IV is prohibited from receiving any shares of common stock that would cause it to be deemed to beneficially own more than 9.99% of the issuer's total outstanding shares at any one time.

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

IV is not a registered broker-dealer or an affiliate of a registered broker-dealer. Voting and dispositive power with respect to shares of common stock owned by IV is exercised by Peter Cooper, Director. However, for so long as IV holds any shares, it is prohibited from, among other actions: (1) voting any shares of issuer common stock owned or controlled by them, exercising any dissenter's rights, executing or soliciting any proxies or seeking to advise or influence any person with respect to any voting securities of the issuer; (2) engaging or participating in any actions or plans that relate to or would result in, among other things, (a) acquiring additional securities of the issuer, alone or together with any other person, which would result in them collectively beneficially owning or controlling, or being deemed to beneficially own or control, more than 9.99% of the total outstanding common stock or other voting securities of the issuer, (b) an extraordinary corporate transaction such as a merger, reorganization or liquidation, (c) a sale or transfer of a material amount of assets, (d) changes in the present board of directors or management of the issuer, (e) material changes in the capitalization or dividend policy of the issuer, (f) any other material change in the issuer's business or corporate structure, (g) actions which may impede the acquisition of control of the issuer by any person or entity, (h) causing a class of securities of the issuer to be delisted, (i) causing a class of equity securities of the issuer to become eligible for termination of registration; or (3) any actions similar to the foregoing.

We believe our offering and sale of the securities in the above transaction, made only to an accredited investor, was exempt from registration under Section 3(a)(10) of the Securities Act.

NOTE 9 – IRONRIDGE – SERIES C PREFERRED STOCK PURCHASE TRANSACTION

On May 1, 2013 Axiologix, Inc. ("We" or "Our") entered into a Stock Purchase Agreement with an accredited investor, Ironridge Technology Co. (the "Investor"), under which the Investor will purchase up to a total aggregate of US $7,500,000.00 in shares of convertible, redeemable Series C Preferred Stock, convertible into shares of Common Stock at fixed price of $0.0008 per share (the "Series C Preferred Stock"). The Series C Preferred Stock carries an 8% per annum adjustable dividend, payable in cash or shares of our restricted common stock, at our option. If paid in shares then the shares will be valued at a 15% discount to the lowest daily VWAP (volume weighted average price) from May 1, 2013 to 30 days after the date of conversion, less $0.0001 per share. We issued 19 shares of Series C Preferred Stock to the Investor as a commitment fee on the date the Agreement was executed, May 1, 2013.

Subject to certain closing conditions, the Investor will purchase 5 Preferred Shares at each Closing through the ninth Closing and thereafter Investor will purchase 10 Preferred Shares at each Closing. The first Closing occurred on May 3, 2013 in which we received $50,000 and issued 5 shares of Series C Preferred Stock. Each subsequent Closing will take place on the first day each calendar month thereafter or sooner, at our option and if all conditions set forth in the Stock Purchase Agreement, including, but not limited to, the conditions set forth below, have been fully satisfied, until a total of $7,500,000 has been purchased by the Investor. As of May 31, 2013, no additional Closings had occurred.. in June of 2013 a second Closing occurred under the Stock Purchase Agreement with Ironridge in which we received $50,000 and issued 5 additional shares of Series C Preferred Stock to Ironridge

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

The foregoing description of the financing transaction is qualified in its entirety by reference to the full text of the Stock Purchase Agreement and Certificate of Designation of Series C Preferred Stock, which are attached as Exhibits to our Supplemental Report filed on May 7, 2013 and are incorporated herein by reference.

These funds will be used for general working capital purposes.

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

NOTE 10 - CONVERTIBLE NOTES PAYABLE

For the Twelve Months Ended May 31, 2013:

As of May 31, 2013, the Company had $329,575 of principal balance on promissory notes issued and outstanding, all 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 May 31, 2013, the Company had accrued interest payable of $44,953. Interest expense totaled $346,626 for the twelve month period ended May 31, 2013. Of the $346,626 charge for the twelve months ending May 31, 2013, $121,602 represented amortization of debt discount on convertible notes and $80,289 was a one-time charge associated with the Ironridge transaction.

During the twelve month period ended May 31, 2013, the Company converted $174,275 of outstanding promissory notes into 663,672,691 shares of common stock, at conversion prices ranging from $0.0005 per share to $0.000122 per share.

During the twelve months ended May 31, 2013, the Company issued the following new promissory notes or entered into the following investment transactions:

On May 13, 2013, the Company issued a $20,000 convertible promissory note to an accredited investor in exchange for a $20,000 investment, accruing 5% interest per annum and convertible at $0.00035 per share.

On April 10, 2013, the Company issued a $20,000 convertible promissory note to an accredited investor in exchange for a $20,000 investment. The note accrues 5% interest per annum and is convertible at $0.0005 per share.

On February 25, 2013, the Company issued two $5,000 convertible promissory notes to two accredited investors in exchange for a $10,000 investment. These notes accrue 12% interest per annum and are convertible at 50% of the Market Price at the date of conversion and each have a maturity date of August 28, 2014.

On February 20, 2013, the Company issued a convertible promissory note in the principal amount of $20,000 to an accredited investor, accruing 8% interest per annum and convertible at 67% of the Market Price at the date of conversion and having a maturity date of February 20, 2014.

On January 17, 2013, the Company issued two $17,500 convertible promissory notes to two accredited investors in exchange for a $35,000 investment. These notes carry accrue 12% interest per annum and are convertible at 50% of the Market Price at the date of conversion and each have a maturity date of January 17, 2014.

On July 31, 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 January 31, 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. On February 10, 2013, the maturity date of this Note was extended to August 10, 2013 and the conversion price was modified to be equal to the greater of i) a thirty three percent (33%) discount to the Per Share Market Price, and ii) the fixed conversion price of $0.00009 per share. On May 13, 2013, the conversion price of the Note was amended to be convertible at a 50% discount to the Market Price at the date of conversion.

On July 31, 2012 the Company entered into a Subscription Agreement with an accredited investor, Cape One Financial Master Fund (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. 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. As of May 31, 2013 this Note was in default. However, an amendment has recently been executed that, among other terms, extends the term of the Note. See Note 16: Subsequent Events, for more details. Management are confident that a successful outcome will result.

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 December 5, 2011, each officer and director at the time (each officer and director, except Mr. Daglis who resigned on May, 11, 2012, resigned on January 17, 2012 as part of the reverse merger with VOIP ACQ, Inc.) 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 granted 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% (controlled by Mr. Daglis); 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 promissory notes will automatically convert into a total of 10% of the Company's common stock immediately upon the completion of a reverse stock split.

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. One of the $100,000 notes has been fully converted as of February 28, 2013. The remaining note has a principal balance owed of $100,000 as of February 28, 2013 and 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.

In October of 2012, the Company defaulted on its repayment plan under this Forbearance Agreement. Consequently, in October of 2012, the note holder converted one of the two promissory notes under the Forbearance Agreement in full for 39,268,293 shares of common stock. The second convertible promissory note in the default amount of $48,750 was sold to two third party accredited investors on January 17, 2013 and converted into 122,789,680 shares of common stock, with $10,000 remaining outstanding.

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 11 – STOCKHOLDERS' SURPLUS (DEFICIT)

As of May 31, 2013, the Company is authorized to issue up to 8,000,000,000 shares of common stock, at $0.0001 par value, and up to 10,000,000 shares of preferred stock. At May 31, 2013, there were 1,957,882,582 common shares issued and outstanding and 900,024 shares of preferred stock outstanding, including 500,000 shares of Series A Convertible Preferred, 400,000 shares of Series B Convertible Preferred and 24 shares of Series C Convertible Preferred.

Series A: 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 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.

Series B: The Series B Convertible Preferred Stock is convertible into shares of common stock at the market price at the time of conversion and redeemable by the Company after January of 2014. The description of the Series B Convertible Preferred Shares is qualified in its entirety by the Certificate of Designation of Series B Convertible Preferred Stock, which is attached as an

Exhibit to the Company's Supplemental Information Statement filed on August 13, 2012, and incorporated herein by reference. See Note 16: Subsequent Events for more details.

Series C: The Series C Preferred Stock is convertible into shares of Common Stock at fixed price of $0.0008 per share. The Series C Preferred Stock carries an 8% per annum adjustable dividend, payable in cash or shares of our restricted common stock, at our option. If paid in shares then the shares will be valued at a 15% discount to the lowest daily VWAP (volume weighted average price) from May 1, 2013 to 30 days after the date of conversion, less $0.0001 per share. The description of the Series C Convertible Preferred Shares is qualified in its entirety by the Certificate of Designation of Series C Convertible Preferred Stock, which is attached as an Exhibit to the Company's Supplemental Report filed on May 7, 2013, and incorporated herein by reference.

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

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

As of May 31, 2012, the Company was authorized to issue up to 750,000,000 shares of common stock and 10,000,000 shares of preferred stock. At May 31, 2012, there were 575,304,612 common shares issued and outstanding and 500,000 shares of Series A Convertible Preferred Stock.

During the Twelve Months Ended May 31, 2013:

During the twelve months ended May 31, 2013, the Company issued a total of 1,925,672,581 shares of common stock.

Of this amount, 62,000,000 shares of restricted common stock were issued in exchange for services rendered; 663,672,691 shares of unrestricted common stock were issued from the conversion of $193,875 worth of convertible promissory notes; 400,000,000 shares of unrestricted common stock were issued in exchange for the partial settlement of $800,000 worth of debt under SEC Rule 3(a)(10), and the balance, or 800,000,000 shares of restricted common stock were issued to VOIP ACQ as part of the Contribution Agreement, described below.

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 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.

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 12 – 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).

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

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 13 - 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 ¼ 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 Daglis who remained on the Board of Directors until he resigned on May 11, 2012.

Also on January 17, 2012, Mr. Daglis 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 14 – COMMITMENTS AND CONTINGENCIES

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. As of May 31, 2013, one note, in the original principal amount of $100,000 remains due and outstanding. This note has subsequently been partially assigned and converted into shares of common stock. See Note 15 - Subsequent Events and Note 9 – Convertible Promissory Notes for more details.

Litigation

The Company is not currently involved in any litigation that it believes could have a material adverse effect on its financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of the Company or any of its subsidiaries, threatened against or affecting the Company, our common stock, any of our subsidiaries or of our companies or our subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

NOTE 15 – 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 May 31, 2013 the fair value of the embedded derivatives included on the accompanying balance sheet was $0. During the twelve months ended May 31, 2013, 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 May 31, 2013 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 16 – SUBSEQUENT EVENTS

In accordance with ASC 855, Subsequent Events, we have evaluated subsequent events through September 5, 2013, the date of available issuance of these unaudited financial statements.

Common Stock Issuances:

During the month of June of 2013 we issued to Ironridge a total of 230,000,000 shares of common stock pursuant to a 3(a)(10) transaction. See Note 8 for more details. Also in June of 2013 a second Closing occurred under the Stock Purchase Agreement with Ironridge in which we received $50,000 and issued 5 additional shares of Series C Preferred Stock to Ironridge. See Note 9 for more details.

Also during the month of June of 2013 we issued a total of 221,855,900 shares of common stock to two convertible note holders, reducing our principal debt obligations by $22,186. In July of 2013 we issued a total of 199,150,000 shares of common stock to two convertible note holders, reducing our principal debt obligations by $23,413.

Velocity:

We entered into a definitive Agreement of Merger on June 17, 2013 with a newly incorporated wholly-owned subsidiary, Axiologix Sub, Inc., a Delaware Corporation ("Sub"), and Velocity Networks, Inc., a California corporation (the "Velocity"), and Velocity's primary executive officer, Kurt Wolfgang (the "Merger Agreement"), relating to the acquisition of all of the stock of Velocity by Sub through a merger in exchange for a potential total consideration of $3,500,000 in cash and 550,000 shares of AXLX Series D Convertible Preferred Stock. $2,000,000 in cash and 400,000 shares of AXLX's Series D Convertible Preferred Stock shall be paid on the Closing Date, and a potential additional payment of $1,500,000 in cash and 150,000 shares of Series D Convertible Preferred Stock (the "Merger Stock") may be issued 12 months following the Closing Date if Velocity meets or exceeds the Gross Margin target of $2,800,000 during those 12 months following the Closing Date.

The Series D Convertible Preferred Stock has a $10.00 per share liquidation value, a $0.001 par value, one vote for each preferred share issued, and one share of Series D Convertible Preferred Stock is convertible into Ten Dollars ($10.00) worth of common stock at Market Price. Market Price is defined as the average closing price per share of AXLX's common stock over the five (5) consecutive trading days prior to the date of the Shareholder's notice of its election to convert its Preferred Shares.

The Merger Agreement is subject to certain closing conditions, including, among other things, (i) AXLX closing a third party financing to finance the total Merger Consideration to be paid, (ii) no material adverse changes to the Targets' business, and (iii) the cancellation or assumption of personal guarantees on certain existing Velocity debt (the "Closing"). From the period between completion of the Definitive Agreement and Closing AXLX will provide bridge payments to Velocity in six tranches of $50,000 each, commencing on or before July 8, 2013 and ending eleven weeks thereafter if the Closing has not happened prior to each payment being due. In the event that AXLX fails to pay timely any 2 of the bridge payments, the Merger Agreement shall terminate. If the Closing has not occurred by September 23rd, the Merger Agreement will terminate. If the Merger Agreement terminates, all bridge funds advanced by AXLX to Velocity will be forfeited.

The foregoing descriptions of the Merger Agreement and the Merger Stock are qualified in its entirety by reference to the full text of the Agreement of Merger and the Form of Certificate of Designation of Series D Preferred Stock, which were attached as Exhibits to our Supplemental Information Statement filed on June 18, 2013, and are incorporated herein by reference.

As of August, no bridge payments had been made to Velocity. In August, Axiologix and Velocity executed an amendment to the Merger Agreement whereby the following terms were amended: i) all of the required bridge financing payments from Axiologix to Velocity were cancelled, ii) the Closing of the Merger was extended to December 31, 2013, and iii) Velocity has the right to terminate the Merger Agreement at any time upon 10 days prior written notice. The foregoing description of the Amendment to the Merger Agreement is qualified in its entirety by reference to the full text of the Amendment, attached hereto as an Exhibit and incorporated herein by reference.

While the Agreements contemplate that closing of the acquisition would take place during the third quarter of 2013, the conditions precedent to Closing are such that there can be no assurance that the acquisition will be completed in that time or at all.

<u>Cape One Financial</u>:

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

EXHIBITS

FIRST AMENDMENT TO THE
AGREEMENT OF MERGER
by and among
AXIOLOGIX, INC.,
AXIOLOGIX SUB INC.,
VELOCITY NETWORKS, INC.
And
KURT WOLFGANG
Dated June 17, 2013

This FIRST AMENDMENT is to modify certain terms and conditions to that certain Agreement of Merger dated June 17, 2013 (the "Agreement").

Unless otherwise indicated, terms used herein that are defined in the Agreement shall have the same meanings herein as in the Agreement.

Due to subsequent events, effective as of August 14, 2013, the parties hereto agree to the following:

1. Delete Sections 4.1 and 4.9 of the Agreement in their entirety.

2. Modify Section 12.3(a)(ii) of the Agreement so that the Section shall read as follows:

> By Parent, Sub, or the Company: (i) if the Merger shall not have been consummated on or before **December 31, 2013**, provided that the right to terminate this Agreement pursuant to this clause (a) (ii) shall not be available to any party whose failure to perform any of its obligations under this Agreement resulted in, or has been the cause of a or a substantial cause of, the failure of the Merger to be consummated on or before such date.

3. Replace Section 12.3(a)(iii) with the following language:

The Company shall have the right to terminate the Agreement at any time and for any reason upon ten (10) days prior written notice.

Except as herein modified, all the terms and conditions of the above referenced Agreement shall remain in full force and effect. In the event of any conflict between this Amendment and the Agreement, the provisions of this Amendment shall prevail.

The parties hereby agree that signatures transmitted and received via facsimile or other electronic means shall be treated for all purposes of this Amendment as original signatures and shall be deemed valid, binding and enforceable by and against both parties.

BOTH PARTIES HERETO REPRESENT THAT THEY HAVE READ THIS AMENDMENT, UNDERSTAND IT, AGREE TO BE BOUND BY ALL TERMS AND CONDITIONS STATED HEREIN, AND ACKNOWLEDGE RECEIPT OF A SIGNED, TRUE AND EXACT COPY OF THIS AMENDMENT.

IN WITNESS WHEREOF, the parties hereto have agreed to amend the terms and conditions of the Agreement.

PARENT:

AXIOLOGIX, INC.

By:____/s/Vincent Browne _
Name: Vincent Browne
Its: Chief Executive Officer

SUB:

AXIOLOGIX SUB, INC.

By: /s/ Vincent Browne
Name: Vincent Browne
Its: Chief Executive Officer

COMPANY:

VELOCITY NETWORKS, INC.

By: /s/ Kurt Wolfgang

Name: Kurt Wolfgang
Its: CEO

KURT WOLFGANG

By: /s/ Kurt Wolfgang

FIRST AMENDMENT TO THE
$90,000 PROMISSORY NOTE, SECURITIES PURCHASE AGREEMENT, WARRANT & SERIES B CONVERTIBLE PREFERRED STOCK
ISSUED FROM AXIOLOGIX, INC.
TO CAPE ONE FINANCIAL MASTER FUND LTD.

This FIRST AMENDMENT, dated August 27, 2013 is to modify certain terms and conditions to that certain $90,000 Promissory Note, Securities Purchase Agreement, Warrant and Series B Convertible Preferred Stock issued from Axiologix, Inc. a Nevada corporation ("Company") to Cape One Financial Master Fund, Ltd. ("Holder") dated July 31, 2012 (together, the "Investment Docs").

Unless otherwise indicated, terms used herein that are defined in the Investment Docs shall have the same meanings herein as in the Investment Docs.

WHEREAS, certain disputes and disagreements have arisen between the parties relating to the Investment Docs, and the parties have entered into this agreement to amend certain terms and conditions set forth under the Investment Docs, as set forth below.

AGREEMENT

WHEREFORE, the parties to this Agreement hereby agree as follows:

This Agreement is contingent upon the closing by the Company of a third party financing / revolving line of credit by no later than September 15, 2013 and this Agreement goes effective simultaneously with and upon such a Closing.

1. The Maturity Date of the Note shall be extended to the six month anniversary of the Closing by the Company of a pending funding revolving credit line, anticipated to close on Friday, August 30, 2013 (the "Closing"). The Note will continue to be secured, but Holder agrees to subordinate its security interest to the new lender; a subordination agreement shall be signed by the Holder, attached hereto and incorporated herein as Exhibit A.

2. At the Closing, AXLX agrees to pay to the Holder a total sum of Thirty One Thousand Five Hundred Dollars ($31,500), to go towards repayment of the Note in the following amounts: $11,500 for total default interest due up to the Closing and the remaining $20,000 towards repayment of the principal of the Note. The Holder agrees that no additional historical default or standard accrued interest is due under the Note as of the Closing; the Note will continue to accrue standard interest from the Closing onward on any outstanding principal that remains due.

3. The Conversion Price of the Note shall be calculated as follows:

Calculation of Conversion Price. The conversion price (the "Conversion Price") shall equal the Variable Conversion Price (as defined herein) (subject to equitable adjustments for stock splits, stock dividends or rights offerings by the Borrower relating to the Borrower's securities or the securities of any subsidiary of the Borrower, combinations, recapitalization, reclassifications, extraordinary distributions and similar events). The "Variable Conversion Price" shall mean 50% multiplied by the Market Price (as defined herein) (representing a discount rate of 50%). "Market Price" means the average of the five (5) lowest Trading Prices (as defined below) for the Common Stock during the ten (10) Trading Day period ending on the latest complete Trading Day prior to the Conversion Date. "Trading Price" means, for any security as of any date, the closing bid price on the Over-the-Counter Bulletin Board, or applicable trading market (the "OTCQB") as reported by a reliable reporting service ("Reporting Service") designated by the Holder (i.e. Bloomberg) or, if the OTCQB is not the principal trading market for such security, the closing bid price of such security on the principal securities exchange or trading market where such security is listed or traded or, if no closing bid price of such security is available in any of the foregoing manners, the average of the closing bid prices of any market makers for such security that are listed in the "pink sheets" by the National Quotation Bureau, Inc. If the Trading Price cannot be calculated for such security on such date in the manner provided above, the Trading Price shall be the fair market value as mutually determined by the Borrower and the holders of a majority in interest of the Notes being converted for which the calculation of the Trading Price is required in order to determine the Conversion Price of such Notes.

The Note will not be convertible until after the Maturity Date. However, the Company agrees to arrange a third party partial purchase of the debt underlying the Note in the amount of $5,000 per month at face value, commencing in October. If the Company should not be able to find a buyer, then the Holder shall be allowed to convert up to $5,000 worth of the Note in the following month, and each month thereafter should the Company continue to be unable to find a third party purchaser.

4. Warrant: The existing Warrant's exercise price shall be reduced to $0.00005 per share.

The Company agrees to issue 450,000,000 additional Warrants to the Holder, also at a reduced exercise price of $0.00005 per share. No additional warrants shall be owed to the Holder.

5. If and when the Company raises additional capital, the Company shall prepay/redeem the Note in an amount equal to ten percent (10%) of the gross proceeds received by the Company from and at the closing of such additional capital raises. Accrued but unpaid interest shall be paid first, and then Principal Amount of the Note.

6. After the Note is repaid in full, then Company shall redeem the Series B Preferred from the Holder if and when the Company raises additional capital, in an amount equal to ten percent (10%) of the gross proceeds received by the Company at each and every closing from such capital raise (up to a maximum amount equal to the total Liquidation Value). The Company shall redeem the Series B Preferred, in whole or in part, at a price per share equal to the Liquidation Value, (the "Redemption Price").

7. The Company agrees not to dispute the issuance of the Series B Preferred. The Company shall, subject to the conditions set forth herein, redeem all of the Series B Preferred that remain issued and outstanding on December 31, 2014 at a price per share equal to the Liquidation Value.

8. The Company agrees to the assignment of the Investment Docs from Cape One Financial Master Fund Ltd. to Cape One Financial Master Fund Ltd. II. and shall sign whatever documentation is necessary to effect that assignment.

Except as herein modified, all the terms and conditions of the above referenced Investment Docs shall remain in full force and effect. In the event of any conflict between the Amendment and the Investment Docs, the provisions of this Amendment shall prevail.

The parties hereby agree that signatures transmitted and received via facsimile or other electronic means shall be treated for all purposes of this Amendment as original signatures and shall be deemed valid, binding and enforceable by and against both parties.

BOTH PARTIES HERETO REPRESENT THAT THEY HAVE READ THIS AMENDMENT, UNDERSTAND IT, AGREE TO BE BOUND BY ALL TERMS AND CONDITIONS STATED HEREIN, AND ACKNOWLEDGE RECEIPT OF A SIGNED, TRUE AND EXACT COPY OF THIS AMENDMENT.

IN WITNESS WHEREOF, the parties hereto have agreed to amend the terms and conditions of the Investment Docs.

AXIOLOGIX, INC.	**CAPE ONE FINANCIAL MASTER FUND, LTD.**
/s/ Vincent Browne	/s/ Reid Drescher
By: Vincent Browne	By: Reid Drescher
Its: Chief Executive Officer	
Date: August 27, 2013	Date: August 27, 2013