

# FORM 10-Q

U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2016**



OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-54296

## AXIM Biotechnologies, Inc.

(Exact name of registrant as specified in its charter)

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

18 E 50th St 5th Floor, New York, NY 10022  
(Address of principal executive offices)

**(212) 751-0001**  
(Registrant's telephone number, including area code)

\_\_\_\_\_  
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes

Indicate by check mark whether registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer  Non-accelerated filer  Smaller reporting  
accelerated filer  (Do not check if a company   
filer  smaller reporting  
company)

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

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

Indicate by check mark whether the registrant filed all documents and reports required to be filed by Section 12, 13, or 15(d) of the Exchange Act of 1934 after the distribution of securities under a plan confirmed by a court. Yes  No

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 39,762,659 shares of common stock, par value \$0.0001 per share, outstanding as of May 23, 2016.

**PART I – FINANCIAL INFORMATION**

**Item 1. Financial Statements**

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**AXIM BIOTECHNOLOGIES, INC.**  
**(Formerly AXIM International, Inc.)**  
**Condensed Consolidated Balance Sheets**

	March 31, 2016	December 31, 2015
	(unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash	\$ 170,969	\$ 134,170
Inventory	177,660	200,784
Reservation fee deposit	65,170	65,170
Prepaid expenses	158,109	777,657
Loan receivable	5,000	5,000
Total current assets	<u>576,908</u>	<u>1,182,781</u>
Property & Equipment, net of accumulated depreciation of \$1,958 and \$1,119, respectively.	14,822	15,661
Other Assets:		
Acquired intangible asset - intellectual property licensing agreement, net	63,167	63,167
Total other assets	<u>63,167</u>	<u>63,167</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>654,897</u></b>	<b>\$ <u>1,261,609</u></b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 455,105	\$ 392,937
Due to shareholder	5,000	5,000
Convertible loan	50,000	50,000
Due to first insurance funding	7,688	22,964
Due to related party	1,315,910	1,085,910
Promissory note - related party	1,000,000	1,000,000
Total current liabilities	<u>2,833,703</u>	<u>2,556,811</u>
Long-term liabilities:		
Convertible note payable	400,000	400,000
Total long-term liabilities	<u>400,000</u>	<u>400,000</u>
<b>TOTAL LIABILITIES</b>	<b><u>3,233,703</u></b>	<b><u>2,956,811</u></b>
<b>STOCKHOLDERS' DEFICIT</b>		
Preferred stock, \$0.0001 par value, 5,000,000 shares authorized;		
Series A Convertible Preferred stock, \$0.0001 par value, 1,000,000 shares designated, 1,000,000 shares issued and outstanding; respectively	100	100
Undesignated Preferred stock, \$0.0001 par value, 4,000,000 shares authorized, 1,000,000 shares issued and outstanding	100	100
Common stock, \$0.0001 par value, 300,000,000 shares authorized		
39,762,659 and 39,633,706 shares issued and outstanding, respectively;	3,976	3,963
Additional paid in capital	9,088,475	9,032,865
Common stock to be issued	67,375	52,500
Accumulated deficit	<u>(11,738,832)</u>	<u>(10,784,730)</u>
<b>TOTAL STOCKHOLDERS' DEFICIT</b>	<b>(2,578,806)</b>	<b>(1,695,202)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<b>\$ <u>654,897</u></b>	<b>\$ <u>1,261,609</u></b>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

**AXIM BIOTECHNOLOGIES, INC.**  
**(Formerly AXIM International, Inc.)**  
**Condensed Consolidated Statement of Operations**  
**(unaudited)**

	<b>For the Three Months ended March 31, 2016</b>	<b>For the Three Months ended March 31, 2015</b>
Revenues	\$ 14,005	\$ -
Cost of goods sold	15,214	-
Gross loss	<u>(1,209)</u>	<u>-</u>
Expenses:		
Research and development expenses	31,180	62,669
Selling, General and administrative	908,952	426,149
Depreciation	<u>839</u>	<u>-</u>
Total operating expenses	<u>940,971</u>	<u>488,818</u>
Loss from operations	(942,180)	(488,818)
Other (Income) expenses:		
Interest expense	<u>11,922</u>	<u>18,128</u>
	11,922	18,128
Loss before provision of income tax	(954,102)	(506,946)
Provision for income tax	<u>-</u>	<u>-</u>
<b>NET LOSS</b>	<b>\$ <u>(954,102)</u></b>	<b>\$ <u>(506,946)</u></b>
Loss per common share - basic and diluted	<u>(0.02)</u>	<u>(0.02)</u>
Weighted average common shares outstanding - basic and diluted	<u>39,709,864</u>	<u>33,018,000</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

**AXIM BIOTECHNOLOGIES, INC.**  
**(Formerly AXIM International, Inc.)**  
**Condensed Consolidated Statement of Stockholders' Deficit**  
**For the three months ended March 31, 2016**  
**(unaudited)**

	Common Stock		Preferred Stock		Series A Convertible Preferred Stock		Common Stock	Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Shares	Amount	to be Issued	Paid In Capital	Deficit	
Balance at December 31, 2015	39,633,706	\$ 3,963	1,000,000	\$ 100	1,000,000	\$ 100	\$ 52,500	\$ 9,032,865	\$ (10,784,730)	\$ (1,695,202)
Common stock to be issued for officer's compensation	125,000	13	-	-	-	-	(52,500)	52,487	-	-
Common stock to be issued for officer's compensation	-	-	-	-	-	-	67,375	-	-	67,375
Common stock issued for consulting services	3,953	-	-	-	-	-	-	3,123	-	3,123
Net Loss	-	-	-	-	-	-	-	-	(954,102)	(954,102)
Balance at March 31, 2016	39,762,659	\$ 3,976	1,000,000	\$ 100	1,000,000	\$ 100	\$ 67,375	\$ 9,088,475	\$ (11,738,832)	\$ (2,578,806)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

**AXIM BIOTECHNOLOGIES, INC.**  
**(Formerly AXIM International, Inc.)**  
**Condensed Consolidated Statements of Cash Flows**  
**(unaudited)**

	For the Three Months ended March 31, 2016	For the Three Months ended March 31, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (954,102)	\$ (506,946)
Loss from operations	(954,102)	(506,946)
Adjustments to reconcile net loss to net cash used in operating activities:		
Expenses incurred by related party on behalf of the Company, net	-	(29,011)
Depreciation expense	839	-
Amortization of prepaid services	598,356	-
Amortization of prepaid insurance	21,192	36,986
Stock based compensation	70,498	36,000
Inventory written off	9,659	-
Change in operating assets and liabilities:		
Accounts payable and accrued expenses	62,168	37,507
Inventory	13,465	-
Due to first insurance funding	(15,276)	(40,410)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(193,201)</b>	<b>(465,874)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from due to related party	230,000	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>230,000</b>	<b>-</b>
<b>NET CHANGE IN CASH</b>	<b>36,799</b>	<b>(465,874)</b>
<b>CASH BALANCES</b>		
Beginning of period	134,170	661,128
End of period	\$ 170,969	\$ 195,254
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
<b>CASH PAID DURING THE PERIOD FOR:</b>		
Interest	\$ 179	-
Income taxes-net of tax refund	\$ -	-
<b>SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING AND INVESTING TRANSACTIONS:</b>		
Common stock issued against CS to be issued	\$ 52,500	-

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

**AXIM BIOTECHNOLOGIES, INC.**  
**(FORMERLY AXIM INTERNATIONAL, INC.)**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2016**  
**(unaudited)**

**NOTE 1: ORGANIZATION**

The Company was originally incorporated in Nevada on November 18, 2010, as Axim International Inc. On July 24, 2014, the Company changed its name to AXIM Biotechnologies, Inc. to better reflect its business operations. The Company's principal executive office is located at 18 East 50th Street, 5th Floor, New York, NY 10022. On August 7, 2014, the Company formed a wholly owned Nevada subsidiary named Axim Holdings, Inc. This subsidiary will be used to help facilitate the anticipated activities planned by the Company. On May 1, 2015 the Company acquired 100% interest in Can Chew License Company a Nevada incorporated licensing Company, through the exchange of its 5,826,706 shares of common stock.

**NOTE 2: BASIS OF PRESENTATION:**

The unaudited condensed consolidated financial statements of AXIM Biotechnologies, Inc. (formerly Axim International, Inc.) as of March 31, 2016, and for the three months period ended March 31, 2016 and 2015 have been prepared in accordance with United States generally accepted accounting principles ("US GAAP").

The following (a) balance sheets as of March 31, 2016 (unaudited) and December 31, 2015, which have been derived from audited financial statements, and (b) the unaudited interim statements of operations and cash flows of AXIM Biotechnologies, Inc. (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and the instructions to Form 10-Q and Rule 8-03 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2016 are not necessarily indicative of results that may be expected for the year ending December 31, 2016. These unaudited financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2015 included in the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission ("SEC") on April 14, 2016.

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES**

**Use of estimates**

The preparation of unaudited condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenue and expenses during reporting periods. Actual results could differ from these estimates.

**Cash equivalents**

The Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents.

**Inventory**

Inventory consists of finished goods available for sale owned by the Company and is stated at the lower of cost or market. During the three months ended March 31, 2016, the Company written off inventory worth \$9,659. As of March 31, 2016 the inventory totaled \$177,660 and the shelf life of the inventory is set to expire on February 6, 2017.

**Property and equipment**

Property and equipment are carried at cost less accumulated depreciation. Depreciation is computed using straight-line method over the estimated useful life. New assets and expenditures that extend the useful life of property or equipment are capitalized and depreciated. Expenditures for ordinary repairs and maintenance are charged to operations as incurred. For the three months ended March 31, 2016 the Company recorded \$839 of depreciation expense.

**Intangible Assets**

As required by generally accepted accounting principles, trademarks and patents are not amortized since they have an indefinite life. Instead, they are tested annually for impairment. Intangible assets as of March 31, 2016 amounted to \$63,167 net of accumulated impairment losses of \$652,265.

**Revenue Recognition**

The Company recognizes revenue on four basic criteria that must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the fee is fixed or determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the fee charged for services rendered and products delivered and the collectability of those fees. Revenue is generally recognized upon shipment.



Revenues from continuing operations recognized for the three months ended March 31, 2016 and 2015 amounted to \$14,005 and \$0, respectively.

### **Principles of consolidation**

The unaudited condensed consolidated financial statements include the accounts of Axim Biotechnologies, Inc. and its wholly owned subsidiaries Axim Holdings, Inc. and Can Chew License Company as of March 31, 2016 and 2015. All significant intercompany transactions and balances have been eliminated in consolidation.

### **Fair value of financial instruments**

The Company follows paragraph 825-10-50-10 Fair Value Measurements and Disclosures of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and paragraph 820-10-35-37 of the FASB Accounting Standards Codification ("Paragraph 820-10-35-37") to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

### **Income taxes**

The Company follows Section 740-10, Income tax ("ASC 740-10") Fair Value Measurements and Disclosures of the FASB Accounting Standards Codification, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Statements of Operations in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that the Company believes that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including reversals of any existing taxable temporary differences, projected future taxable income, tax planning strategies, and the results of recent operations. If the Company determines that it would be able to realize a deferred tax asset in the future in excess of any recorded amount, the Company would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company adopted section 740-10-25 of the FASB Accounting Standards Codification ("Section 740-10-25"). Section 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under Section 740-10-25, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. Section 740-10-25 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. The Company had no liabilities for unrecognized income tax benefits according to the provisions of Section 740-10-25.

### **Concentrations of Credit Risk**

Financial instruments and related items, which potentially subject the Company to concentrations of credit risk, consist primarily of cash and cash equivalents. The Company places its cash and temporary cash investments with credit quality institutions. At times, such amounts may be in excess of the FDIC insurance limit. The Company does not have accounts receivable and allowance for doubtful accounts at March 31, 2016 and December 31, 2015.

### **Net loss per common share**

Net loss per common share is computed pursuant to section 260-10-45 Earnings Per Share ("ASC 260-10") of the FASB Accounting Standards Codification. Basic net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding and the member potentially outstanding during each period. In periods when a net loss is experienced, only basic net loss per share is calculated because to do otherwise would be anti-dilutive.

### **Stock Based Compensation**

All stock-based payments to employees and to nonemployee directors for their services as directors, including any grants of restricted stock and stock options, are measured at fair value on the grant date and recognized in the statements of operations as compensation or other expense over the relevant service period. Stock-based payments to nonemployees are recognized as an expense over the period of performance. Such payments are measured at fair value at the earlier of the date a performance commitment is reached or the date performance is completed. In addition, for awards that vest immediately and are non-forfeitable the measurement date is the date the award is issued.

### **Cost of Sales**

Cost of sales includes the purchase cost of products sold and all costs associated with getting the products to the customers including buying and transportation costs.

### **Research and Development**

The Company accounts for research and development costs in accordance with the Accounting Standards Codification subtopic 730-10, Research and Development (“ASC 730-10”). Under ASC 730-10, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and development costs are expensed when the contracted work has been performed or as milestone results have been achieved. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred. The Company incurred research and development expenses of \$31,180 and \$62,669 for the three months ended March 31, 2016 and 2015.

### Shipping Costs

Shipping and handling costs billed to customers are recorded in sales. Shipping costs incurred by the company are recorded in general and administrative expenses.

### Recently issued accounting standards

In April 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) “ASU 2016 – 10 Revenue from Contract with Customers: identifying Performance Obligations and Licensing”. The amendments in this Update clarify the two following aspects (a) contracts with customers to transfer goods and services in exchange for consideration and (b) determining whether an entity’s promise to grant a license provides a customer with either a right to use the entity’s intellectual property (which is satisfied at a point in time) or a right to access the entity’s intellectual property (which is satisfied over time). The amendments in this Update are intended to reduce the degree of judgement necessary to comply with Topic 606. This guidance has no effective date as yet. The Company is currently evaluating the impact of adopting this guidance.

In March 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) “ASU 2016 – 09 Improvements to Employee Share-Based Payment Accounting” which is intended to improve the accounting for employee share-based payments. The ASU simplifies several aspects of the accounting for share-based payment award transactions, including; the income tax consequences, classification of awards as either equity or liabilities, and the classification on the statement of cash flows. The new standard is effective for fiscal years and interim periods beginning after December 15, 2016, and upon adoption, an entity should apply the amendments by means of a cumulative-effect adjustment to the balance sheet at the beginning of the first reporting period in which the guidance is effective. Early adoption is permitted. The Company is currently evaluating the impact of adopting this guidance.

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (ASU) 2016-02, which amends the guidance in U.S. GAAP on accounting for operating leases, a lessee will be required to recognize assets and liabilities for operating leases with lease terms of more than 12 months on the balance sheet. The new standard is effective for fiscal years and interim periods beginning after December 15, 2018, and upon adoption, an entity should apply the amendments by means of a cumulative-effect adjustment to the balance sheet at the beginning of the first reporting period in which the guidance is effective. Early adoption is not permitted. The Company is currently evaluating the impact of adopting this guidance.

In January 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (ASU) 2016-01, which amends the guidance in U.S. GAAP on the classification and measurement of financial instruments. Changes to the current guidance primarily affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the ASU clarifies guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The new standard is effective for fiscal years and interim periods beginning after December 15, 2017, and upon adoption, an entity should apply the amendments by means of a cumulative-effect adjustment to the balance sheet at the beginning of the first reporting period in which the guidance is effective. Early adoption is not permitted except for the provision to record fair value changes for financial liabilities under the fair value option resulting from instrument-specific credit risk in other comprehensive income. The Company is currently evaluating the impact of adopting this guidance.

The amendments also clarify that the guidance in Topic 275, Risks and Uncertainties, is applicable to entities that have not commenced planned principal operations.

Other recent accounting pronouncements issued by the FASB and the SEC did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

### NOTE 4: PREPAID EXPENSES

Prepaid expenses consist of the following as of March 31, 2016 and December 31, 2015:

	March 31, 2016	December 31, 2015
Prepaid service contract	\$ 138,082	\$ 736,438
Prepaid insurance contract	20,027	41,219
	<u>\$ 158,109</u>	<u>\$ 777,657</u>

For the three months ended March 31, 2016 and 2015 the Company recognized amortization expense of \$619,548 and \$36,986, respectively.

### NOTE 5: RESERVATION FEE DEPOSIT

The Company entered into a reservation agreement with the Municipality of Almere in the Netherlands. In October 2015 the Company paid the reservation fee in the amount of \$65,170. The reservation fee deposit gives the company an exclusive right to purchase the building land. Starting in October 2015 the second reservation period was extended for a period of twelve (12) months expiring September 2016. If the company proceeds to purchase the building land the reservation fee will be offset against the purchase price. The Company is not entitled to a

refund of the reservation fee if the current agreement is terminated by the Company in the event of insolvency or a moratorium on the transfer or assignment of rights or in the event of a failure to notify or notify on time. The agreement is not transferable. The rights and obligations of this agreement cannot be assigned. The municipality is entitled to terminate the agreement by means of a registered letter if during the reservation period compelling objections exist or arise, or through the insolvency of the Company.

#### **NOTE 6: PROMISSORY NOTE - RELATED PARTY**

On August 8, 2014 the Company entered into a Promissory Note Agreement with CanChew Biotechnologies, LLC (CCB), a related party (the owners of CCB also own 90% of the outstanding shares of the Company), under which it borrowed \$1,000,000 to fund working capital. The loan is a demand note which bears interest at a rate of 7% annually. The Promissory Note Agreement was amended effective January 1, 2015. The amended Promissory Note bears an annual interest rate of 3%. All other terms and conditions shall remain in full force and effect.

The following table summarizes promissory note payable as of March 31, 2016 and December 31, 2015:

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
Promissory note payable, \$	1,000,000	\$ 1,000,000
due on demand, interest at 3% and 7%, respectively.		
Accrued interest	65,343	57,726
	<u>\$ 1,065,343</u>	<u>\$ 1,057,726</u>

For the three months ended March 31, 2016 and 2015 the Company recognized interest expense of \$7,617 and \$17,500, respectively, included in Accounts payable and accrued liabilities.

#### **NOTE 7: STOCKHOLDERS' DEFICIT**

##### Preferred stock

The Company has authorized 5,000,000 shares of preferred stock, with a par value of \$0.0001 per share, of which 1,000,000 shares were designated as Series A Convertible Preferred Stock.

##### Undesignated Preferred stock

As of March 31, 2016 and December 31, 2015, the Company had 1,000,000 shares of undesignated preferred stock issued and outstanding.

##### Series A Convertible Preferred stock

Each share of Series A Convertible Preferred Stock is convertible into 5 shares of Company's common stock.

As of March 31, 2016 and December 31, 2015, the Company had 1,000,000 shares of Series A convertible preferred stock issued and outstanding.

##### Liquidation Preference:

In the event of any liquidation, dissolution or winding up of the company, whether voluntary or involuntary (a "Liquidation"), the assets of the company available for distribution to its stockholders shall be distributed as follows. The holders of the Series A Convertible Preferred stock shall be entitled to receive , prior to the holders of the other series preferred stock and prior and in preference to any distribution of the assets or surplus funds of the company to the holders of any other shares of stock of the company by reason of their ownership of such stock: (i) all shares of common stock an any subsidiary of the company which are held by the company: and (ii) an amount equal to \$1.00 per share with respect to each share of Series A Convertible Preferred stock, plus all declared but unpaid dividends with respect to such share.

##### Voting Rights:

Those holders of the company's preferred shares shall have one hundred (100) votes per share of preferred stock held.

##### Common stock

The Company has authorized 300,000,000 shares of common stock, with a par value of \$0.0001 per share. As of March 31, 2016 and December 31, 2015, the Company had 39,762,659 and 39,633,706 shares of common stock issued and outstanding, respectively.

On January 31, 2016, the Company issued 3,953 shares of common stock as compensation for services performed for the Company by Katan Associates, Inc. The fair value of the underlying stock on the date of issuance was at \$0.79 per share. The Company determined the fair value of the common stock was more readily determinable than the fair value of the services rendered. For the three months ended March 31, 2016, the Company recorded \$3,123 of compensation expense in the accompanying unaudited condensed consolidated financial statements.

On June 13, 2014, the Company entered into an employment agreement with Dr. George Anastassov, its Chief Executive Officer, Chief Financial Officer and Secretary. On September 13, 2015 following fifteen (15) months of continuous employment, and every three months thereafter, the Company was obligated to issue 125,000 restricted shares of the Company's common stock based upon the average ten (10) day closing price immediately preceding the grant date, as quoted on Yahoo.com. During the period ended March 31, 2016, the Company issued 125,000 shares of common stock towards common stock to be issued against expenses incurred worth \$52,500 in prior year. On March 13, 2016 the Company was obligated to issue 125,000 restricted shares of the Company's common stock based upon the average ten (10) day

closing price immediately preceding the grant date, as quoted on Yahoo.com. As of March 31, 2016 the Company accrued \$67,375 of compensation expense in the accompanying unaudited condensed consolidated financial statements, the shares were issued subsequently.

#### **NOTE 8: RELATED PARTY TRANSACTIONS**

On May 21, 2014, the Company President advanced \$5,000 to the Company to fund working capital needs.

On August 8, 2014, the Company entered into a Promissory Note Agreement with CanChew Biotechnologies, LLC (CCB), a related party (The owners of CCB also own 90% of the outstanding shares of the Company), under which it borrowed \$1,000,000 to fund working capital. The loan is a demand note which bears interest at a rate of 7% annually. The Promissory Note Agreement was amended effective January 1, 2015. The amended Promissory Note bears an annual interest rate of 3%. All other terms and conditions shall remain in full force and effect. For the three months ended March 31, 2016 and 2015 the Company charged \$7,617 and \$17,500, respectively as interest expenses to operation (refer note 6).

During the three months ended March 31, 2016 the Company received additional advance of \$230,000 for operation expenses from CanChew Biotechnologies, LLC. The advance is non-interest bearing and is due on demand. The total outstanding due to related party as of March 31, 2016 and December 31, 2015 is \$1,315,910 and \$1,085,910, respectively.

#### **NOTE 9: GOING CONCERN**

The Company's unaudited condensed consolidated financial statements have been presented assuming that the Company will continue as a going concern. As shown in the unaudited condensed consolidated financial statements, the Company has negative working capital of \$2,256,795, has an accumulated deficit of \$9,088,475, has cash used in operating activities of continuing operations \$193,201 and presently does not have the resources to accomplish its objectives during the next twelve months. These conditions raise substantial doubt about the ability of the Company to continue as a going concern. The unaudited condensed consolidated financial statements do not include any adjustments related to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue in operation.

The Company intends to raise additional capital through private placements of debt and equity securities, but there can be no assurance that these funds will be available on terms acceptable to the Company, or will be sufficient to enable the Company to fully complete its development activities or sustain operations. If the Company is unable to raise sufficient additional funds, it will have to develop and implement a plan to further extend payables, reduce overhead, or scale back its current business plan until sufficient additional capital is raised to support further operations. There can be no assurance that such a plan will be successful.

#### **NOTE 10: DUE TO FIRST INSURANCE FUNDING**

The Company financed the purchase of its D & O insurance renewal with a note due to First Insurance Funding. The principal amount financed was \$85,000. Interest is due on the unpaid balance at a rate of 5.25% per annum. The total amount of interest due under the terms of the note is \$1,496. The term of the note is for nine months commencing July 25, 2015. Payments are due for nine installments in the amount of \$7,722 each, which includes principal and interest, commencing July 25, 2015. The total outstanding due to First Insurance Funding as of March 31, 2016 is \$7,688.

#### **NOTE 11: CONVERTIBLE NOTE PAYABLE**

During the year 2015, the convertible note of \$50,000 was transferred from related party to Cross & Company. The loan is convertible into common stock at \$0.10 per share at the option of the lender. As of March 31, 2016 the loan is in default and has not been converted.

On April 21, 2015 the Company entered into a one year consultancy agreement with Cross & Company an independent contractor terminating on April 21, 2016. In exchange for these consultancy services the Company agreed to pay Cross & Company \$400,000 payable by the issuance of a convertible note at a rate of 4% per annum at the conversion price of \$0.10 per share. Interest shall accrue until the maturity date, April 21, 2025 at which time all principal and interest accrued shall be due and payable. The holder of the note has the right, at the holder's option, at any time prior to payment in full of the principal balance in whole or in part, into fully paid and nonassessable "S-8 shares" of the company's common stock pursuant to a Stock Incentive Plan (see note 12). As of March 31, 2016 the loan has not been converted. For the three months ended March 31, 2016 the Company accrued interest in the amount of \$4,126. The Company calculated fair value of the convertible note at \$2,400,000 as prepaid expenses and the excess value of \$2,000,000 over the value of note was credited to additional paid in capital. The prepaid expense was amortized over the period of twelve month of service. During the three months ended March 31, 2016, the Company amortized \$598,356. As of March 31, 2016, the total unamortized prepaid expense of \$138,082 is included in prepaid expenses (note 4).

#### **NOTE 12: COMMITMENT AND CONTINGENCIES**

On June 13, 2014, the Company entered into an employment agreement with Dr. George Anastassov, its Chief Executive Officer, Chief Financial Officer and Secretary. The agreement's effective date is June 1, 2014. The initial term of the agreement is one year. The agreement renews each year until terminated by the Company or Dr. Anastassov. Cash remuneration is \$20,000 per month payable bi-monthly.

On November 15, 2014 the Company and Municipality of Almere, the province of Flevoland, The Netherlands entered into a "reservation agreement" whereas the Company is interested in the construction of a manufacturing facility for the production of a new pharmaceutical, nutraceutical and consumer products as well as a center for R&D, on the plots of building and land located at Lagekant, the Netherlands. The reservation agreement is for a term of one year and expires on November 15, 2015. The Company must notify the Municipality of Almere whether or not it wishes to be considered for the purchase of the building and land on or before the end of the reservation agreement. If the municipality has not received notification on time before the end of the reservation period whether it wishes to purchase the building and land and also does not receive notification during the three (3) working days following said date, the right to reservation of the Company lapses. The municipality is then fully at liberty to offer the building land to any other prospective purchasers. The Company is entitled to terminate

this agreement in writing without this giving rise to any payment obligation. The Company incurred a reservation fee after February 15, 2015 in the amount of \$65,170. The purchase price has been determined to be €985,680 exclusive of VAT and transfer taxes. The land parcel is 6000 square meters. The Company made the reservation payment on October 14, 2015 in the amount of \$32,480 and the remaining balance of \$32,690 was paid on October 15, 2015 (Note 5).

**NOTE 13: SUBSEQUENT EVENT**

Management evaluated all activities of the Company through the issuance date of the Company's interim unaudited condensed consolidated financial statements and concluded that no subsequent events have occurred that would require adjustments or disclosure into the interim unaudited condensed consolidated financial statements.

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

### ***Forward Looking Statement Notice***

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

### ***Description of Business***

We were incorporated in the State of Nevada on November 18, 2010, as AXIM International, Inc. (Inception). On July 24, 2014, we changed our name to AXIM Biotechnologies, Inc. to better reflect our business operations. On August 7, 2014, we incorporated a wholly owned Nevada subsidiary named Axim Holdings, Inc. This subsidiary will be used to help facilitate the anticipated activities listed below. Our principal executive office is located at 18 East 50th Street, 5th Floor, New York, NY 10022.

In early 2014, we discontinued our organic waste marketable by-product business to focus on our anticipated new business to become an innovative biotechnology company working on the treatment of pain, spasticity, anxiety and other medical disorders with the application of cannabinoids based products as well as focusing on research, development and production of pharmaceutical, nutraceutical, oral health and cosmetic products as well as procurement of genetically and nano-controlled active ingredients.

The current operations of the Company include: the research and development of pharmaceutical products, genetically controlled botanical products, and extraction and purification of biomaterials technologies. Our activities are anticipated to include the following:

- Completing a clinical trial at the Free University of Amsterdam, The Netherlands in collaboration with the University of Plymouth, UK as well as academic center in the USA for a novel, patented delivery form of cannabinoids for treatment of chronic pain and spasticity in patients with multiple sclerosis. The anticipated duration of the trials prior to FDA/ EMA registration is 24 months.
- Conducting research trials of a novel delivery mechanism (patent pending) for treatment of patients with ADHD.

Conducting of clinical trials at the university of Wageningen, The Netherlands on patients with irritable bowel syndrome, inflammatory bowel disease, ulcerative colitis and Crohn's disease using innovative, (patent pending) delivery mechanisms containing cannabinoids.

Conducting of a clinical trial at the University of British Columbia, Canada on patients suffering of drug-related psychosis using innovative, (patented) delivery mechanisms containing cannabinoids.

Conducting of a clinical trial at the Dermatological center Maurits clinic The Hague, The Netherlands on patients with psoriasis and atopic dermatitis using innovative, (patent pending) delivery mechanisms containing cannabinoids.

- Development of novel (patent pending) pharmaceutical and nutraceutical cannabinoid-based preparation "CannQuit™" formulations for smoking cessation.
- Conducting of clinical trials at the university of Wageningen, The Netherlands on patients with irritable bowel syndrome, inflammatory bowel disease and Crohn's disease using innovative, (patent pending) delivery mechanisms.
- New (patent pending) cannabinoid extraction technologies in The Netherlands.
- Development of our 95% pure, freeze-dried cannabinoids products (patent pending).
- Development of high-energy-output hemp coal "CannaCoal™." (patent pending).
- Development of novel (patent pending) antibacterial preparations based on cannabinoids.
- Development and commercialization of oral healthcare products, "Oraximax™", based on cannabigerol (patent pending).
- Development and commercialization of cosmetic care line "Renecann™" (patent pending).
- Development of ophthalmological preparations based on cannabigerol "CannBleph™" (patent pending).

Development of new active pharmaceutical ingredient molecules including, prodrug formulations.

- Completion of a land purchase in the city of Almere, in the province of Flevoland, The Netherlands for building of a state of the art

extraction/ purification facility as well as a factory for pharmaceutical, nutraceutical and consumer products preparations as well as an innovative, environmentally-friendly; “box in a box”-design center for R&D and manufacturing..

- Importation from Italy, Spain, Denmark, the Netherlands and other reputable producers of pharmaceutical grade hemp oil to Europe and North America. Some of these products will be converted by AXIM from lipophilic to hydrophilic form based on proprietary process (patent pending).
- Development of sustainable biofuel compositions derived from industrial hemp by-products.

During the next twelve months we anticipate incurring costs related to: (i) filing Exchange Act reports, and (ii) contractual obligations.

We believe we will be able to meet these costs through use of funds in our treasury, through deferral of fees by certain service providers and additional amounts, as necessary, to be loaned to or invested in us by our stockholders, management or other investors. As of the date of the period covered by this report, we have limited cash. There are no assurances that we will be able to secure any additional funding as needed. Currently, however our ability to continue as a going concern is dependent upon our ability to generate future profitable operations and/or to obtain the necessary financing to meet our obligations and repay our liabilities arising from normal business operations when they come due. Management’s plan includes obtaining additional funds by equity financing and/or related party advances; however there is no assurance of additional funding being available.

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

### **CanChew™ License Agreement**

On May 1, 2015, we entered into a 50 year, worldwide, exclusive intellectual property licensing agreement (“Agreement”) with CanChew Biotechnologies, LLC (“CanChew”). As compensation for the Agreement, CanChew will receive 5,826,706 restricted shares of the Company’s common stock and a royalty fee of approximately 2-3% of all gross sales derived from products produced under the Agreement. So long as we are in compliance with the Agreement, we have the option to purchase the licensed intellectual property after 5 years at a purchase price equal to fifty percent (50%) of the annual royalty fee paid.

### **Manufacturing Capabilities**

On November 15, 2014, the Company entered into Reservation Agreement with the City of Almere, The Netherlands, whereby the Company was granted an option to purchase 5,328 square meters of land in the City of Almere. The Company intends to construct an office building on the site featuring: a clean laboratory zone, storage areas, office and technical rooms as well as manufacturing facility furnishings. This facility will be fully compliant with GMP, GLP, FDA, EMA and ISO regulations. The purchase price for the land is 985,680 (Euros) and the Company has until December 2015 to exercise the option free of charge. The Company exercised the second option period which is to expire September 2016. The Company was required to pay a reservation fee of \$65,170 which it paid in October 2015. Should the Company purchase the land within one year from payment of the reservation fee, the reservation fee will be applied to the against the purchase price of the property.

### **The Industry**

#### **Hemp – An Overview**

Hemp is a cousin to cannabis as both are classified under the same botanical category of *Cannabis sativa* L. The major difference between the two is that recreational cannabis has significant amounts of tetrahydrocannabinol (THC) (5–20%), a psychotropic cannabinoid and very little amounts of CBD (cannabidiol) and CBG (cannabigerol), which have no psychotropic properties; whereas industrial hemp has virtually no THC (less than 0.3%). This 0.3% THC in industrial hemp is not enough to provide psychotropic effects, which renders industrial hemp useless for recreational use or abuse. Canada, China and the United Kingdom are examples of major industrialized countries that have grown industrial hemp responsibly deriving maximum economic benefits from its cultivation.

Hemp is a plant easy to cultivate, with predictable harvests and produces overall negative carbon print compared to other agricultural sources used for production of biodiesels among other uses.

Industrial hemp is rich in proteins and essential amino acids, which may render it as a preferred source of food and animal feed.

#### **Importation of Hemp Finished Products**

Despite classification of cannabis under Schedule I, hemp finished products, or certain parts of the plant *Cannabis sativa*, are exempted from the definition of marijuana and are considered legal to import since 1937. Under 21 U.S.C. § 802(16), the seeds (incapable of germination) and the mature stalks of the *Cannabis sativa* plant, together with products made from these parts, are exempted from the definition of cannabis. These products are commonly known as "hemp finished products", and can be a variety of products as outlined above. Importation of hemp finished products and processing into the United States continues legally, which fuels a hemp market inside the United States. The United States is actually the largest importer of hemp-based products in the world.

#### **Market, Customers and Distribution Methods**

To understand the market and consumers as well as distribution methods, we have studied all the uses of hemp and its legal structure in the U.S. and abroad. There are more than 25,000 known uses for hemp based products, most of which were used in the past and were replaced by cotton, petroleum/oil, concrete, corn and soybeans. We believe the market potentially represents trillions of dollars in worldwide product sales. We will focus on the products our management feels will have the greatest positive environmental impact, profitability and ease to

market. These tend to be new, innovative products as well as the replacement of existing raw base materials for products that exist today, such as pharmaceuticals, nutraceuticals, plastics, fuel, textiles, and medical delivery devices.

Our focus is on the development of innovative pharmaceutical, nutraceutical and cosmetic products focusing on diseases and conditions for which currently there are no known efficient therapeutic ingredients or delivery systems for known active pharmaceutical ingredients. The body of knowledge regarding therapeutic use of cannabinoid-based formulations is steadily increasing. We plan to be an active player in this field of biosciences with our extensive R&D and pipeline of innovative products.

Our target customers are first and foremost end consumers via Internet sales, direct-to-consumer health and wellness stores, collectives, cooperatives, affiliate sales and master distributors. Secondly, we are targeting manufacturers of products that can readily replace their raw base materials with our materials, making the products more environmentally friendly and sustainable. Next, we will target retail stores with major distribution companies who have preexisting relationships with major retail chain stores. As we continue to develop our business, these markets may change, be re-prioritized or eliminated as management responds to consumer and regulatory developments.

## **Competition**

There are many developers of hemp-based consumer products, many of which are under-capitalized which we consider to be viable acquisition targets. We are currently in early-stage negotiations to purchase existing product lines, sources of industrial-hemp-derived-cannabinoids and other assets from certain competing companies. There are also large, well-funded companies that currently do not offer hemp-based products but may do so in the future.

## **Intellectual Property**

Currently, our intellectual property includes trademarks eighteen (18) trademarks (Axim, A Axim Biotech, CanChui, Cannonich, Cannanimals, Oraximax, CannaCoal, CanShu, CanQuit, SuppoCann, OphthoCann, CannBelph, Cannocyn, ReneCann, Clean CannaCoal, CanChew Hemp CBD Gum, CanChew, and HempChew). Corresponding trademark applications for the above marks were filed in various other jurisdictions, some of which received registration, and some of which are pending; six (6) pending patent applications (oral care, ophthalmic, sugar alcohol kneading method, antimicrobial, extraction method, and cosmetic; four (4) of which have entered nonprovisional stage in the U.S. and international stage; and one (1) licensed patent (chewing gum containing cannabinoids) with a continuation filed. We are in the process of developing and filing more patent applications.

## **Research and Development**

We are continuing our research and development at the Free University of Amsterdam with our novel (patent pending) delivery system for treatment of patients with pain and spasticity as a sequence of Multiple Sclerosis. This study will include also the University of Plymouth, UK and academic centers in the US. The study is conducted in strict compliance with FDA/ EMA guidelines and is supervised by QPS as a CRO. The product tested is a pharmaceutical, functional chewing gum containing equal parts of THC and CBD. With our proprietary technology numerous problems related to cannabinoid' water-insolubility due to its lipophilic nature, bypass of first-pass liver metabolism and direct delivery into the systemic circulation have been resolved.

Clinical studies will commence at the University of Wageningen, The Netherlands testing a new (patent pending) delivery systems with novel cannabinoids for treatment of patients with IBS, IBD and Crohn's disease. A new direct as well as controlled slow-release nano-technology delivery methods will be investigated based on our proprietary IP'.

New, patent pending cannabinoid extraction techniques as well as pure, water soluble, freeze-dried cannabinoids are being developed in cooperation with Syncom, BV, The Netherlands, which practically solves the issue with very poor absorption of currently available, oil based cannabinoids.

There are numerous other R&D projects being considered involving our proprietary intellectual property. These will be strategically planned depending on availability of funds to carry on.

## **Source and Availability of Raw Materials**

The Company currently has arrangements with multiple reputable suppliers which are expected to meet the projected needs for materials for the upcoming year.

## **Government Regulation**

For the first time since 1937, industrial hemp has been decriminalized at the federal level and can be grown legally in the United States, but on a limited basis. A landmark provision in the recently passed Agricultural Act of 2014 recognizes hemp as distinct from its genetic cousin, marijuana. Federal law now exempts industrial hemp from U.S. drug laws in order to allow for crop research by universities, colleges and state agriculture departments. The new federal law, written by U.S. Rep. Jared Polis (D-CO) and U.S. Sen. Mitch McConnell (R-KY), allows for agricultural pilot programs for industrial hemp "in states that permit the growth or cultivation of hemp."

## **Employees**

As of May 23, 2016, we have 6 full-time employees and 4 part-time employees. We allow and utilize the services of independent contractors. We will be considering the conversion of some of our part-time employees to full-time positions. We are currently in discussions with qualified individuals to engage them for positions in sales and marketing, research and development, and operations. Management believes the Company has good relationships with its employees.

## **Costs and effects of compliance with environmental laws**



The expense of complying with environmental regulations is of minimal consequence.

## Results of Operations

### *Comparison of the three months ended March 31, 2016 to March 31, 2015.*

For the three month periods ended March 31, 2016 and 2015, our revenues totaled \$14,005 from continuing operations and \$0 from discontinued operations. This is due to our start up business operations and our change in business operations in early 2015.

	<b>Three Months Period Ended March 31, 2016</b>	<b>Three Months Period Ended March 31, 2015</b>
Legal and other fees	\$52,569	\$41,396
Depreciation	839	-
Audit fees	-	2,500
Filing fees	155	679
Office/Other expenses	4,422	5,573
Interest expense	11,922	18,128
Travel and entertainment expenses	3,504	35,088
Advertising and promotions	31,120	62,544
Compensation costs	665,731	36,000
Insurance expense	21,192	37,531
Impairment	9,659	-
Consulting fees	41,392	111,611
Taxes	5,197	5,910
Officer's salary	60,000	60,000
Research and development	31,180	62,669
Licenses and permits	14,011	27,317
<b>Total</b>	<b>\$952,893</b>	<b>\$506,946</b>

Our operating expenses for the three month periods ended March 31, 2016 and 2015, were \$952,893 and \$506,946 respectively. The increase for the three month period ended March 31, 2016, was due primarily \$665,731 of compensation costs.

### Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

### Contractual Obligations

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

### Critical accounting policies

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the reported periods. The more critical accounting estimates include estimates related to revenue recognition and accounts receivable allowances. We also have other key accounting policies, which involve the use of estimates, judgments and assumptions that are significant to understanding our results, which are described in Note 3 to our unaudited condensed consolidated financial statements.

### Recently issued accounting standards

In April 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) "ASU 2016 – 10 Revenue from Contract with Customers: identifying Performance Obligations and Licensing". The amendments in this Update clarify the two following aspects (a) contracts with customers to transfer goods and services in exchange for consideration and (b) determining whether an entity's

promise to grant a license provides a customer with either a right to use the entity's intellectual property (which is satisfied at a point in time) or a right to access the entity's intellectual property (which is satisfied over time). The amendments in this Update are intended to reduce the degree of judgement necessary to comply with Topic 606. This guidance has no effective date as yet. The Company is currently evaluating the impact of adopting this guidance.

In March 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) "ASU 2016 – 09 Improvements to Employee Share-Based Payment Accounting" which is intended to improve the accounting for employee share-based payments. The ASU simplifies several aspects of the accounting for share-based payment award transactions, including; the income tax consequences, classification of awards as either equity or liabilities, and the classification on the statement of cash flows. The new standard is effective for fiscal years and interim periods beginning after December 15, 2016, and upon adoption, an entity should apply the amendments by means of a cumulative-effect adjustment to the balance sheet at the beginning of the first reporting period in which the guidance is effective. Early adoption is permitted. The Company is currently evaluating the impact of adopting this guidance.

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) 2016-02, which amends the guidance in U.S. GAAP on accounting for operating leases, a lessee will be required to recognize assets and liabilities for operating leases with lease terms of more than 12 months on the balance sheet. The new standard is effective for fiscal years and interim periods beginning after December 15, 2018, and upon adoption, an entity should apply the amendments by means of a cumulative-effect adjustment to the balance sheet at the beginning of the first reporting period in which the guidance is effective. Early adoption is not permitted. The Company is currently evaluating the impact of adopting this guidance.

In January 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) 2016-01, which amends the guidance in U.S. GAAP on the classification and measurement of financial instruments. Changes to the current guidance primarily affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the ASU clarifies guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The new standard is effective for fiscal years and interim periods beginning after December 15, 2017, and upon adoption, an entity should apply the amendments by means of a cumulative-effect adjustment to the balance sheet at the beginning of the first reporting period in which the guidance is effective. Early adoption is not permitted except for the provision to record fair value changes for financial liabilities under the fair value option resulting from instrument-specific credit risk in other comprehensive income. The Company is currently evaluating the impact of adopting this guidance.

The amendments also clarify that the guidance in Topic 275, Risks and Uncertainties, is applicable to entities that have not commenced planned principal operations.

Other recent accounting pronouncements issued by the FASB and the SEC did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

#### **Foreign Currency Transactions**

None.

#### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

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

#### **Item 4. Controls and Procedures.**

##### ***Evaluation of Disclosure Controls and Procedures***

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

As of March 31, 2016, we carried out an evaluation, under the supervision and with the participation of our principal executive officer and our principal financial officer of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this report.

##### ***Changes in Internal Controls***

There have been no changes in our internal controls over financial reporting during the quarter ended March 31, 2016, that have materially affected or are reasonably likely to materially affect our internal controls.

## **PART II — OTHER INFORMATION**

#### **Item 1. Legal Proceedings.**

We are not a party to any legal proceedings subject to this Item Number.

#### **Item 1A. Risk Factors.**

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

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

On February 20, 2015, the Company issued 2,000 shares of common stock valued at \$4,000 to our President, Dr. George Anastassov as bonus shares.

On July 2, 2015, the Company issued 500,000 shares of common stock valued at \$473,000 our President, Dr. George Anastassov pursuant to the terms of his employment agreement with the Company.

On November 9, 2015, the Company issued 125,000 shares of common stock valued at \$77,125 to our President, Dr. George Anastassov pursuant to the terms of his employment agreement with the Company.

On December 29, 2015, the Company issued 25,000 shares of common stock valued at \$15,000 to one of our directors, Lekhram Changoer, as bonus shares.

On February 5, 2016, the Company issued 125,000 shares of common stock valued at \$52,500 to our president, Dr. George Anastassov as compensation under his employment agreement with the Company.

On March 17, 2016, the Company issued 3,953 shares of common stock valued at \$3,123 to Katan Associates, Inc. as compensation pursuant to a consulting contract with the Company.

The issuance of securities described above were deemed to be exempt from registration under the Securities Act in reliance on Section 4(2) of the Securities Act of 1933 and Regulation D as transactions by an issuer not involving any public offering. The recipients of securities in each such transaction represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were affixed to the share certificates and other instruments issued in such transactions. The sales of these securities were made without general solicitation or advertising.

The Company intends to use the proceeds from sale of the securities for the operations, research and development and clinical trials, and working capital.

There were no underwritten offerings employed in connection with any of the transactions set forth above.

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

Not applicable

**Item 5. Other Information.**

None.

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**Item 6. Exhibits.****Statements**

Condensed Consolidated Balance Sheets as of March 31, 2016 (unaudited) and December 31, 2015.

Condensed Consolidated Statements of Operations for the three months ended March 31, 2016 and 2015 (unaudited)

Condensed Consolidated Statements of Changes in Shareholders' Deficit for the three months ended March 31, 2016 (unaudited)

Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2016 and 2015 (unaudited)

Notes to Condensed Consolidated Financial Statements (unaudited)

**Schedules**

All schedules are omitted because they are not applicable or the required information is shown in the Financial Statements or notes thereto.

<b>Exhibits</b>	<b>Incorporated Exhibit #</b>	<b>by Reference (Form Type)</b>	<b>Filing Date</b>	<b>Filed with This Report</b>
Articles of Incorporation, as filed with the Nevada Secretary of State on November 18, 2010.	3.1	10-Q	11/14/2014	
By-laws.	3.2	10-Q	11/14/2014	
Certificate of Amendment, as filed with the Nevada Secretary of State on July 24, 2014.	3.3	10-Q	11/14/2014	
Employment Agreement effective June 13, 2014, by and between the Company and Dr. George E. Anastassov.	10.1	10-K	4/14/2015	
Employment Agreement effective January 1, 2016, by and between the Company and Lekhram Changoer.	10.2			<b>X</b>
Certification of Principal Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended	31.1			<b>X</b>
Certification of Principal Financial Officer pursuant to Rule 13a-14 and Rule 15d 14(a), promulgated under the Securities and Exchange Act of 1934, as amended	31.2			<b>X</b>
XBRL Instance Document	101.INS			<b>X</b>
XBRL Taxonomy Extension Schema Document	101.SCH			<b>X</b>
XBRL Taxonomy Extension Calculation Linkbase Document	101.CAL			<b>X</b>
XBRL Taxonomy Extension Definition Linkbase Document	101.DEF			<b>X</b>

XBRL Taxonomy Extension Label	101.LAB	<b>X</b>
Linkbase Document		

XBRL Taxonomy Extension Presentation	101.PRE	<b>X</b>
Linkbase Document		

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**AXIM  
BIOTECHNOLOGIES,  
INC.**

Dated: May 23, 2016 By: /s/ Dr. George  
Anastassov

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Dr. George Anastassov  
President and Director  
Principal Executive  
Officer  
Principal Financial  
Officer

**AXIM Biotechnologies, Inc.**  
**18 E 50th St 5th Floor**  
**New York, NY 10022**

January 1, 2016

Lekhram Changoer  
18 E 50th St 5th Floor  
New York, NY 10022

**Re : AXIM Biotechnologies, Inc.**  
**Letter Agreement**

Dear Lekhram:

On behalf of AXIM Biotechnologies, Inc. (the "Company"), we are pleased to confirm your employment in the position of Chief Technology Officer pursuant to the terms and conditions of this Letter Agreement (the "Agreement"), effective as of January 1, 2016, and, subject to paragraph number 7 of this Agreement, continuing for an initial term of one (1) year (the "Initial Term"), and thereafter until this Agreement is terminated by either you or the Company.

You will be based out of the Netherlands; *provided, however*, that the Company may from time to time require you to travel temporarily to other locations in connection with the Company's business. You will be responsible for such other duties and responsibilities that may reasonably be requested of you by the Company's Board of Directors (the "Board"). You will report to, and serve at the pleasure of, the Board.

1. Time Commitment; Best Efforts; Non-Compete. You will be required to devote such professional time as is necessary to perform of your obligations under this Agreement, and will at all times faithfully, industriously and to the best of your ability, experience and talent, perform all of the duties and responsibilities of your position(s). In furtherance of, and not in limitation of the foregoing, during the term of this Agreement, you further agree that the Company will be entitled to all of the benefits and profits arising from or incident to all such work, services and advice provided to the Company. In furtherance of, and not in limitation of the foregoing, during the term of this Agreement, and for an additional period of time for the lesser of: (i) such period of time which is agreed in writing by the parties; or (ii) three (3) years; you, and/or any business your are affiliated with, shall not engage or participate in any business that is in competition in any manner whatsoever with the current or anticipated business of the Company (the "Non-Compete Period").

2. Compensation; Insurance. Expenses.

( a ) Base Salary. In this exempt position, you will earn a starting salary of \$10,500 per month ("Salary"), which is equivalent to \$126,000 on an annualized basis, subject to applicable tax withholding. Your Salary will be payable bi-monthly on the first and fifteenth days of each month.

( b ) Directors and Officers Insurance. As soon as practicable, the Company will immediately obtain and maintain D&O insurance indemnifying you throughout your employment with, and in your capacity as an officer and director of, the Company.

(c) Stock Grant. In further consideration for your services, as soon as practicable and subject to approval by the Company's Board of Directors, you will receive grants of restricted shares of the Company's common stock as follows:

i. Following 3 months of continuous employment, and every three (3) months thereafter, you will receive either, at the sole option of the Company, 87,500 restricted shares of Company common stock; or the financial equivalent in cash, based upon the average 10 day closing price as of the Company's commons stock immediately preceding the grant date, as quoted on Yahoo Finance.com.

(d) Expenses. The Company will reimburse you for all reasonable out-of-pocket business expenses incurred on behalf of the Company in the performance of your duties hereunder, in accordance with the Company's policies in effect, as may be modified from time to time. To obtain reimbursement, expenses shall be submitted promptly with appropriate supporting documentation therefor, in accordance with the Company's reimbursement policies.

( e ) Employee Benefits. The Company shall provide you with such regular employee plan benefits as are generally provided by the Company to its employees.

( f ) Change-in-Control Benefits. In an event that this Agreement is prematurely terminated, or the Company is taken over or merged with another entity, unless such termination is for "Cause," you will continue to be compensated in accordance with this Section 2 for the Non-Compete Period (as defined above).

"Cause" in this agreement means:

(i) an intentional act of fraud, embezzlement, theft or any other material violation of law that occurs during or in the course of your employment with Company;

(ii) intentional damage to companies assets;

(iii) intentional disclosure of Company's confidential information contrary to Company policies;

(iv) breach of your obligations under this Agreement;

(v) intentional engagement in any competitive activity which would constitute a breach of your duty of loyalty or of your obligations under this Agreement;

(vi) intentional breach of any of Company's policies;

(vii) the willful and continued failure to substantially perform your duties for Company (other than as a result of incapacity due to physical or mental illness); or

(viii) willful conduct by you that is demonstrably and materially injurious to Company, monetarily or otherwise.

For purposes of this paragraph, and act, or a failure to act, shall not be deemed willful or intentional, as those terms are defined herein, unless it is done, or omitted to be done, by you in bad faith or without a reasonable belief that your action or omission was in the best interest of Company. Failure to meet performance standards or objectives, by itself, does not constitute "Cause." "Cause" also includes any of the above grounds for dismissal regardless of whether Company learns of it before or after terminating your employment.

3 . No Conflicting Obligations. You understand and agree that by performing your duties, you represent to the Company that your performance will not breach any other agreement to which you are a party and that you have not, and will not during the term of your employment with the Company, enter into any oral or written agreement in conflict with any of the provisions of this Agreement or the Company's policies. You acknowledge that you have not, and agree that you are not to bring with you to the Company, or use or disclose to any person associated with the Company, any confidential or proprietary information belonging to any former employer or other person or entity with respect to which you owe an obligation of confidentiality under any agreement or otherwise. The Company does not need and will not use such information and we will assist you in any way possible to preserve and protect the confidentiality of proprietary information belonging to third parties. Also, the Company expects you to abide by any obligations to refrain from soliciting any person employed by or otherwise associated with any former employer and suggest that you refrain from having any contact with such persons until such time as any non-solicitation obligation expires, if any.

6 . General Obligations. As an employee, you will be expected to adhere to the Company's standards of professionalism, loyalty, integrity, honesty, reliability and respect for all. Please note that the Company is an equal opportunity employer. The Company does not permit, and will not tolerate, the unlawful discrimination or harassment of any employees, consultants, or related third parties on the basis of sex, race, color, religion, age, national origin or ancestry, marital status, veteran status, mental or physical disability or medical condition, sexual orientation, pregnancy, childbirth or related medical condition, or any other status protected by applicable law.

7 . At-Will Employment. Your employment with the Company will be on an "at will" basis, meaning that either you or the Company may terminate your employment at any time for any reason or no reason, including during the Initial Term, without further obligation or liability. This policy of at-will employment is the entire agreement as to the duration of your employment.

8. Miscellaneous.

( a ) Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) three (3) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (c) one (1) business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt.

( b ) Governing Law and Venue. This Agreement will be governed by the laws of California, without regard to its conflict of laws provisions. Venue for any legal action shall be located in the State of New York and you agree to the jurisdiction of the State and Federal courts of New York.

( c ) Entire Agreement. This Agreement and the Confidentiality Agreement, which is incorporated herein by this reference, sets forth the terms of your employment with the Company and constitutes the entire agreement between and among the parties hereto with respect to the subject matter hereof, and supersedes in their entirety all prior negotiations and agreements with respect to such subject matter, whether written or oral.

( d ) Severability. The finding by a court of competent jurisdiction of the unenforceability, invalidity or illegality of any provision of this Agreement shall not render any other provision of this Agreement unenforceable, invalid or illegal. Such court shall have the authority to modify or replace the invalid or unenforceable term or provision with a valid and enforceable term or provision which most accurately represents the parties' intention with respect to the invalid or unenforceable term or provision.

( e ) Headings. The headings set forth in this Agreement are for convenience of reference only and shall not be used in interpreting this Agreement.

( f ) Advice of Counsel; Construction. This Agreement has been drafted by legal counsel to the Company, but you acknowledge your understanding that you have been advised to consult with an attorney prior to executing this Agreement (and by your execution hereof, you acknowledge that you have so consulted with an attorney of your choice or has knowingly and voluntarily waived such consultation), and the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this Agreement.

( g ) Successors and Assigns. This Agreement shall inure to the benefit of the successors and assigns of the Company and any of your successors and permitted assigns, and shall be binding upon the successors and assigns of the Company and you, including any of your executors, administrators or other legal representatives.



(h) Modification. This Agreement may not be modified or amended except by a written agreement signed by a majority of the Board.

(i) Telecopy Execution and Delivery. A facsimile, telecopy or other reproduction of this Agreement may be executed by one or more parties hereto and delivered by such party by facsimile or any similar electronic transmission device pursuant to which the signature of or on behalf of such party can be seen. Such execution and delivery shall be considered valid, binding and effective for all purposes. At the request of any party hereto, all parties hereto agree to execute and deliver an original of this Agreement as well as any facsimile, telecopy or other reproduction hereof.

( j ) Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered will be deemed an original, and all such counterparts together will constitute one and the same instrument.

To indicate your acceptance of the terms and conditions of your employment as Chief Technology Officer with the Company as set forth herein, please initial each page were indicated, sign and date this Agreement in the space provided below, and promptly return it to the undersigned.

Very truly yours,

AXIM Biotechnologies, Inc.

/s/ Dr. Philip A. Van Damme

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Name: Dr. Philip A. Van Damme

Title: Board Member

/s/ Dr. George Anastassov

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Name: Dr. George Anastassov

Title: Board Member

ACCEPTED AND AGREED:

/s/ Lekhram Changoer

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Lekhram Changoer

**Exhibit 31.1**

I, Dr. George Anastassov, certify that:

1. I have reviewed this Report on Form 10-Q for AXIM Biotechnologies, Inc.;
2. Based on my knowledge, this report 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 23, 2016

/s/ Dr. George Anastassov

Dr. George Anastassov

Chief Executive Officer

Chief Financial Officer

Principal Accounting Officer

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**Exhibit 32.1**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-  
OXLEY ACT OF 2002**

In connection with the Report of AXIM Biotechnologies, Inc., a Nevada Corporation, (the “Company”) on Form 10-Q for the Quarter ended March 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned certify the following pursuant to Section 18, U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Dr. George Anastassov

Dr. George Anastassov  
Chief Executive Officer  
Chief Financial Officer  
Principal Accounting Officer

May 23, 2016

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