FORM 10-Q

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

For the quarterly period ended June 30, 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 X .

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). No X .

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

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

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: 46,802,659 shares of common stock, par value $0.0001 per share, outstanding as of August 20, 2016.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

AXIM BIOTECHNOLOGIES, INC.

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

	June 30, 2016 (unaudited)	December 31, 2015
ASSETS		
Current assets:		
Cash	$ 18,612	$ 134,170
Inventory	231,704	200,784
Reservation fee deposit	65,170	65,170
Prepaid expenses	83,603	777,657
Loan receivable	5,000	5,000
Total current assets	404,089	1,182,781
Property and equipment, net of accumulated depreciation of $2,797 and $1,119, respectively.	13,983	15,661
Other Assets:		
Acquired intangible asset - intellectual property licensing agreement, net	63,167	63,167
Total other assets	63,167	63,167
TOTAL ASSETS	$ 481,239	$ 1,261,609
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	$ 325,720	$ 324,014
Due to shareholder	5,000	5,000
Convertible loan	-	50,000
Due to first insurance funding	68,000	22,964
Due to related party	1,515,910	1,085,910
Promissory note - related party (including accrued interest of $73,047 and $57,726 respectively)	1,073,047	1,057,726
Total current liabilities	2,987,677	2,545,614
Long-term liabilities:		
Convertible note payable	45,000	-
Convertible note payable(including accrued interest of $0 and $11,197 respectively)	265,490	411,197
Total long-term liabilities	310,490	411,197
TOTAL LIABILITIES	3,298,167	2,956,811
STOCKHOLDERS' DEFICIT		
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, -0- and 1,000,000 shares issued and outstanding; respectively	-	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 41,802,659 and 39,633,706 shares issued and outstanding, respectively;	4,180	3,963
Additional paid in capital	10,632,371	9,032,865
Common stock to be issued	173,825	52,500
Accumulated deficit	(13,627,404)	(10,784,730)
TOTAL STOCKHOLDERS' DEFICIT	(2,816,928)	(1,695,202)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 481,239	$ 1,261,609

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)

	For the Three Months ended June 30, 2016	For the Three Months ended June 30, 2015	For the Six Months ended June 30, 2016	For the Six Months ended June 30, 2015
Revenues	$ 11,241	$ 12,112	$ 25,246	$ 12,112
Cost of goods sold	12,082	-	27,296	-
Gross loss	(841)	12,112	(2,050)	12,112
Expenses:				
Research and development expenses	45,049	251,025	76,229	373,927
Selling, general and administrative	444,756	1,321,586	1,353,708	1,687,502
Depreciation	839	-	1,678	-
Total operating expenses	490,644	1,572,611	1,431,615	2,061,429
Loss from operations	(491,485)	(1,560,499)	(1,433,665)	(2,049,317)
Other (Income) expenses:				
Loss on extinguishment of debt	1,385,000	-	1,385,000	-
Interest expense	12,087	188	24,009	18,316
	1,397,087	188	1,409,009	18,316
Loss before provision of income tax	(1,888,572)	(1,560,687)	(2,842,674)	(2,067,633)
Provision for income tax	-	-	-	-
NET LOSS	$ (1,888,572)	$ (1,560,687)	$ (2,842,674)	$ (2,067,633)
Loss per common share - basic and diluted	$ (0.05)	$ (0.04)	$ (0.07)	$ (0.06)
Weighted average common shares outstanding - basic and diluted	39,762,659	36,290,915	39,736,261	34,662,306

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 six months ended June 30, 2016
(unaudited)

	Common Stock		Preferred Stock		Series A Convertible Preferred Stock		Common Stock to be Issued	Additional Paid In Capital	Accumula Deficit
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at December 31, 2015	39,633,706	$ 3,963	1,000,000	$ 100	1,000,000	$ 100	$ 52,500	$ 9,032,865	$ (10,784,7
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	-	-	-	-	-	-	115,625	-	
Common stock issued for consulting services	3,953	-	-	-	-	-	-	3,123	
Common stock to be issued for consultancy services	-	-	-	-	-	-	58,200		
Common stock issued in exchange for debt	2,040,000	204	-	-	-	-	-	158,796	
Fair value of convertible note over the face value of note	-	-	-	-	-	-	-	1,385,000	
Cancellation/Rescission of the Series "A" convertible preferred stock issued in 2015.	-	-	-	-	(1,000,000)	(100)	-	100	
Net Loss	-	-	-	-	-	-	-	-	(2,842,6
Balance at June 30, 2016	41,802,659	$ 4,180	1,000,000	$ 100	-	$ -	$ 173,825	$ 10,632,371	$ (13,627,4

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 Six Months ended June 30, 2016	For the Six Months ended June 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (2,842,674)	$ (2,067,633)
Loss from operations	(2,842,674)	(2,067,633)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	1,678	-
Amortization of prepaid services	736,438	460,274
Loss on extinguishment of debt	1,385,000	-
Amortization of prepaid insurance	42,616	73,493
Stock based compensation	176,948	509,000
Inventory written off	9,753	-
Change in operating assets and liabilities:		
Accounts payable and accrued expenses	1,706	209,057
Accrued Interest payable	23,614	17,618
Inventory	(40,673)	-
Reservation fee Deposit	-	(61,605)
Prepaid Insurance	(85,000)	(85,000)
Change in due to related party	-	301,240
Due to first insurance funding	45,036	13,980
NET CASH USED IN OPERATING ACTIVITIES	(545,558)	(629,576)
CASH FLOWS FROM INVESTING ACTIVITIES:	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from due to related party	430,000	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	430,000	-
NET CHANGE IN CASH	(115,558)	(629,576)
CASH BALANCES		
Beginning of period	134,170	661,128
End of period	$ 18,612	$ 31,552
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
CASH PAID DURING THE PERIOD FOR:		
Interest	$ 302	$ 698
Income taxes-net of tax refund	$ -	$ 651

SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING AND INVESTING TRANSACTIONS:

Excess fair value of convertible note issued for prepaid services	$	-	$	2,000,000
Convertible Note issued for services	$	-	$	400,000
Acquisition of Intellectual property through subsidiary acquisition	$	-	$	983,262
Common stock issued against common stock to be issued	$	52,500	$	-
Common stock issued against conversion of debt	$	159,000	$	-
Cancellation of Series A convertible preferred shares	$	100	$	-

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

June 30, 2016 and 2015

(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 11, 2015 the Company acquired a 100% interest in Can Chew License Company a Nevada incorporated licensing Company, through the exchange of 5,826,706 shares of its common stock.

NOTE 2: BASIS OF PRESENTATION:

The unaudited condensed consolidated financial statements of AXIM Biotechnologies, Inc. (formerly Axim International, Inc.) as of June 30, 2016, and for the six months period ended June 30, 2016 and 2015 have been prepared in accordance with United States generally accepted accounting principles (US GAAP).

The following (a) balance sheets as of June 30, 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 six months ended June 30, 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 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 and raw materials owned by the Company and are stated at the lower of cost or market. During the three and six months ended June 30, 2016, the Company wrote off finished goods inventory worth $9,659 and $9,753; respectively. As of June 30, 2016 the finished goods inventory totaled $166,145 and the shelf life of the finished goods inventory is set to expire on April 6, 2017. As of June 30, 2016 the raw materials inventory totaled $65,559.

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 and six months ended June 30, 2016 the Company recorded $839 and $1,678; respectively, of depreciation expense.

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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 June 30, 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 June 30, 2016 and 2015 amounted to $11,241 and $12,112, respectively.

Revenues from continuing operations recognized for the six months ended June 30, 2016 and 2015 amounted to $25,246 and $12,112, 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 June 30, 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 June 30, 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.

There were 41,802,659 common share equivalents at June 30, 2016 and 39,364,706 at June 30, 2015. For the three and six months ended June 30, 2016 and 2015 these potential shares were excluded from the shares used to calculate diluted earnings per share as their inclusion would reduce net loss per share.

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 $76,229 and $373,927 for the six months ended June 30, 2016 and 2015. The Company incurred research and development expenses of $45,049 and $251,025 for the three months ended June 30, 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 judgment 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 June 30, 2016 and December 31, 2015:

		June 30, 2016		December 31, 2015
Prepaid service contract	$	-	$	736,438
Prepaid insurance contract		83,603		41,219
	$	83,603	$	777,657

For the three months ended June 30, 2016 and 2015 the Company recognized amortization expense of $159,506 and $497,260, respectively.

For the six months ended June 30, 2016 and 2015 the Company recognized amortization expense of $779,054 and $533,767, 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 for a purchase price of €1,110,000. 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 a majority of the outstanding shares of the Company), under which it borrowed $1,000,000 to fund working capital. The original loan was a demand note bearing interest at the rate of 7% per annum, which amount, along with principal, was payable upon demand. The demand note was amended effective January 1, 2015 to reduce the annual interest rate to 3%. All other terms and conditions shall remain in full force and effect. The Company is in discussions to have the demand note modified or exchanged for a longer term, fixed maturity note.

The following table summarizes promissory note payable as of June 30, 2016 and December 31, 2015:

	June 30, 2016	December 31, 2015
Promissory note payable, due on demand, interest at 3% and 7%, respectively.	$ 1,000,000	$ 1,000,000
Accrued interest	73,047	57,726
	$ 1,073,047	$ 1,057,726

For the three months ended June 30, 2016 and 2015 the Company recognized interest expense of $7,704 and $(2,950), respectively.

For the six months ended June 30, 2016 and 2015 the Company recognized interest expense of $15,321 and $14,550, respectively.

NOTE 7: RELATED PARTY TRANSACTIONS

The Company has received working capital advances from CCB and Maxillofacial totaling $1,515,910 as of June 30, 2016, which includes $430,000 received during the six-month period ended June 30, 2016. The advances currently bear no interest and are payable on demand. The Company is in discussions to have the advances reduced to a longer term, fixed maturity note.

The Company owes $5,000 to the president of the Company for a working capital advance of $5,000 made in May of 2014.

NOTE 8: DUE TO FIRST INSURANCE FUNDING

The Company owes $68,000 to First Insurance Funding for financing of its D&O insurance policy. Under the terms of the insurance financing, payments of $7,730, which include interest at the rate of 5.5% per annum, are due each month for nine months commencing on July 25, 2016. The total outstanding due to First Insurance Funding as of June 30, 2016 and December 31, 2015 is $68,000 and $22,964; respectively.

NOTE 9: CONVERTIBLE NOTES PAYABLE

On June 29, 2016 the Company entered into a Debt Exchange Agreement whereby it exchanged a convertible loan payable having a balance due of $50,000 as of December 31, 2015, which was convertible into the Company's common stock at a conversion price of $0.10 per share, interest free and had been in default for over four years, for a long-term convertible note in the amount of $50,000. The new Convertible Note bears interest at the rate of 3.5% per annum, payable annually beginning on July 1, 2017, and matures on July 1, 2028. The Note is convertible, in whole or in part at any time at the option of the holder, into the Company's common stock at a conversion price of $0.01, provided however, the holder of the Note is not permitted to convert an amount of the Note that would result in the holder and its affiliates owning more than 4.9% of the Company's outstanding common stock. The Company determined fair value of new debt $1,435,000 and as a result was recorded $1,385,000 as a loss on debt extinguishment during the period ended June 30, 2016. On June 30, 2016 the holder of the Note converted $5,000 face value into 500,000 shares of the Company's common stock. The balance on the Note as of June 30, 2016 is $45,000, including interest accrued thereon of $0

The Company has outstanding convertible note payable having a balance due of $265,490 and $400,000 as of June 30, 2016 and December 31, 2015 respectively. The Note bears interest at the rate of 4% per annum which accrues until maturity at April 21, 2025. The Note was issued in April of 2015 to a third-party as a non-refundable payment for consultancy services to be provided to the Company for a period of at least one year. The Note is convertible, in whole or in part at any time at the option of the holder, into "S-8" shares of the Company's common stock at a conversion price of $0.10, provided however, the holder of the Note is not permitted to convert an amount of the Note that would result in the holder and its affiliates owning more than 4.9% of the Company's outstanding common stock. On June 30, 2016 the holder of the Note converted $154,000 due under the Note, including interest of $19,490, into 1,540,000 S-8 shares of the Company's common stock. The balance on the Note as of June 30, 2016 is $265,490, including interest accrued thereon of $0.

NOTE 10: STOCK INCENTIVE PLAN

On May 29, 2015 the Company adopted its 2015 Stock Incentive Plan. Under the Plan the Company may issue up to 10,000,000 S-8 shares to officers, employees, directors or consultants for services rendered to the Company or its affiliates or to incentivize such parties to continue to render services. S-8 shares are registered immediately upon the filing of the Plan and are unrestricted shares that are free-trading upon issuance. There were 8,460,000 and 10,000,000 shares available for issuance under the Plan as of June 30, 2016 and December 31, 2015 respectively.

NOTE 11: 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 the 5,000,000 authorized preferred shares, 4,000,000 are undesignated "blank check" preferred stock. The Company may issue such preferred shares and designate the rights, privileges and preferences of such shares at the time of designation and issuance. As of June 30, 2016 and December 31, 2015 there are 4,000,000 shares of undesignated preferred shares issued and outstanding.

Series A Convertible Preferred Stock

The Company has designated authorized 1,000,000 shares of Series A Convertible Preferred Stock, which had been previously issued to Sanammad Foundation and subsequently assigned and transferred by Sanammad to Treo Holdings, LLC ("Treo"). On June 28, 2016 the Company, Sanammad and Treo agreed that the issuance of the Series A Convertible Preferred be rescinded and that such share issuance be cancelled. The Company accounted this cancelation of preferred stock as equity transaction and accordingly the par value of preferred stock adjusted against additional paid in capital account.

Each share of the Series A Convertible Preferred Stock is convertible into five (5) shares of the Company's common stock at any time at the discretion of the holder. The Series A Convertible Preferred Stock provides for a liquidation preference as follows; 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 of preferred stock, if any, 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 of 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. The Series A Convertible Preferred Stock also contains super-majority voting rights and a number of protective covenants. As of June 30, 2016 and December 31, 2015 there are 0 and 1,000,000 Series A Convertible Preferred shares issued and outstanding; respectively.

Common Stock

The Company has authorized 300,000,000 shares of common stock, with a par value of $0.0001 per share. As of June 30, 2016 and December 31, 2015, the Company had 41,802,659 and 39,633,706 shares of common stock issued and outstanding, respectively.

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 and June 13, 2016, the Company was obligated to issue 125,000 restricted shares; respectively, 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 June 30, 2016, the Company have not issues these shares. During the three and six months ended June 30, 2016 the Company accrued $67,375 and $48,250; respectively, of compensation expense in the accompanying unaudited condensed consolidated financial statements, to record for the required issuance of the incentive shares.

On January 1, 2016, the Company entered into an employment agreement with Mr. Lekhram Changoer, its Chief Technology Officer. The agreement has an initial term of one-year and renews each year until terminated by the Company or Mr. Changoer. Under the agreement Mr. Changoer receives an annual base compensation of $126,000 and quarterly incentive payments of either 120,000 shares of the Company's common stock or, in the discretion of the Company, an amount of cash equal to the fair market value of 120,000 shares of stock. On April 1, 2016 the Company was obligated to issue 120,000 restricted shares of the Company s common stock pursuant to the terms of the employment agreement. As of June 30, 2016 the Company accrued $58,200 of compensation expense in the accompanying unaudited condensed consolidated financial statements to account for the required issuance of the incentive shares.

On March 17, 2016, the Company issued 3,953 restricted shares of common stock as payment for consultant services performed for the Company. The Company recorded $3,123 of compensation expense in the accompanying unaudited condensed consolidated financial statements as a result of the issuance.

On June 30, 2016 the Company issued 500,000 restricted shares of its common stock in exchange for the conversion of $5,000 of a convertible note payable, On June 30, 2016 the Company issued 1,540,000 unrestricted S-8 shares in exchange for the conversion of $134,510 of a convertible note payable and $19,490 of accrued interest.

NOTE 12: COMMITMENT AND CONTINGENCIES

On June 13, 2014, the Company entered into an employment agreement with Dr. George Anastassov, its Chief Executive Officer. The agreement has an initial term of one-year and renews each year until terminated by the Company or Dr. Anastassov. Under the agreement Dr. Anastassov receives an annual base compensation of $240,000 and received a one-time incentive payment of 500,000 restricted shares of the Company's common stock (after one-year of continuous employment) and thereafter is entitled to quarterly incentive payments of either 125,000 shares of the Company's common stock or, in the discretion of the Company, an amount of cash equal to the fair market value of 125,000 shares of stock. On March 13, 2016 and June 13, 2016 the Company was obligated to issue 125,000 restricted shares, respectively, of the Company s common stock pursuant to the terms of the employment agreement. As of June 30, 2016 the Company accrued $115,625 of compensation expense in the accompanying unaudited condensed consolidated financial statements to account for the required issuance of the incentive shares.

On January 1, 2016, the Company entered into an employment agreement with Mr. Lekhram Changoer, its Chief Technology Officer. The agreement has an initial term of one-year and renews each year until terminated by the Company or Mr. Changoer. Under the agreement Mr. Changoer receives an annual base compensation of $126,000 and quarterly incentive payments of either 120,000 shares of the Company's common stock or, in the discretion of the Company, an amount of cash equal to the fair market value of 120,000 shares of stock. On April 1, 2016 the Company was obligated to issue 120,000 restricted shares of the Company s common stock pursuant to the terms of the employment agreement. As of June 30, 2016 the Company accrued $58,200 of compensation expense in the accompanying unaudited condensed consolidated financial statements to account for the required issuance of the incentive shares.

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 for a purchase price of €1,110,000. Starting in October 2015 the second reservation period was extended for a period of twelve (12) months expiring September 2016. The Company does not have the ability to acquire the land prior to the expiration of the extended reservation term. Therefore the Company intends to seek another extension of the reservation period, however, there can be no assurance that the municipality will agree to such an extension in which case the reservation fee would be forfeited.

NOTE 13; 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 $2,583,588, has an accumulated deficit of $13,627,404, has cash used in operating activities of continuing operations $545,558 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 14: SUBSEQUENT EVENTS

On August 15, 2016 the Company issued 1,000,000 shares of its Series A Convertible Preferred Stock in exchange for 1,000,000 shares of its Undesignated Preferred Stock (see Footnote 10 - "Preferred Stock" for a discussion of the Company's preferred stock). The Undesignated Preferred Stock was held by Sanammad Foundation and MJNA Investment Holdings, LLC (500,000 shares each), which parties together own a majority of the common stock of the Company. Under the terms of the exchange, the 1,000,000 shares of Series A Convertible Preferred received in the exchange were immediately converted into 5,000,000 restricted shares of the Company's common stock (2,500,000 shares for each of Sanammad Foundation and MJNA Investment Holdings, LLC). As a result, the Series A Convertible Preferred Stock is retired and no longer available for future issuance. The three members of the Sanammad Foundation also serve as the current three directors of the Company and Sanammad, along with MJNA Investment Holdings, LLC, hold a majority of the outstanding stock of the Company

On August 17, 2016 the Company designated up to 500,000 shares of a new Series B Convertible Preferred Stock. The holders of the Series B Preferred are entitled to elect three members to the Company's board of directors and are entitled to cast 100 votes per share on all other matters presented to the shareholders for a vote. Each share of Series B Convertible Preferred is convertible into one share of the Company's common stock. The Series B Convertible Preferred designation contains a number of protective and restrictive covenants that restrict the Company from taking a number of actions without the prior approval of the holders of the Series B Preferred or the unanimous vote of all three Series B Directors.

On August 17, 2016 the Company designated up to 500,000 shares of a new Series C Convertible Preferred Stock. The holders of the Series C Preferred are entitled to elect four members to the Company's board of directors and are entitled to cast 100 votes per share on all other matters presented to the shareholders for a vote. Each share of Series C Convertible Preferred is convertible into one share of the Company's common stock. The Series C Convertible Preferred designation contains a number of protective and restrictive covenants that restrict the Company from taking a number of actions without the prior approval of the holders of the Series C Preferred or the unanimous vote of all four Series C Directors. If at any time there are four Series C Directors, one such director must be independent as that term is defined in the Series C designation. Any challenge to the independence of a Series C Director is a right conferred only upon the holders of the Series B Convertible Preferred Stock and may only be made by the holders of the Series B Convertible Preferred Stock.

On August 17, 2016 the Company amended its Bylaws to achieve the following: (i) to fix the number of authorized directors at seven (7), comprised of three (3) seats authorized for Series B Directors and four (4) seats authorized for Series C Directors, (ii)) to set forth that upon there being four Series C Directors, one such director shall be independent as such term is defined in the certificate of designation for the Series C Convertible Preferred Stock and to set forth that the term, conditions and procedures for electing, determining and challenging such director independence are governed by the certificate of designation for the Series C Convertible Preferred Stock, (iii) to set forth that the holders of the Series B Convertible Preferred Stock and the holders of the Series C Convertible Preferred Stock have the right at any time without a meeting and without prior notice to elect their respective Series B and Series C Directors, (iv) that the holders of two-thirds (2/3) of the Series B or Series C Convertible Preferred Stock have the right at any time without a meeting and without prior notice to remove their respective Series B and Series C Directors, (v) to reduce the number of directors needed to constitute a quorum to a majority of the directors then in office, (vi) to subject the right of the board of directors to form a committee to the rights of the holders of the Series B and Series C Convertible Preferred Stock (and to eliminate any committee related provision that might conflict with the rights of the Series B and Series C holders), and (vii) to clarify and set forth that neither the stockholders (other than the holders of the Series B and Series C Convertible Preferred Stock) nor the board of directors has the right to repeal, amend or adopt bylaws without the prior consent of the holders of both the Series B Convertible Preferred Stock and the holders of the Series C Convertible Preferred Stock.

On August 18, 2016 the Company issued all 500,000 shares of its newly designated Series B Preferred Stock to Sanammad Foundation in exchange for cash of $50,000. As the holders of the Series B Preferred Stock, Sanammad has designated the current directors, Dr. George E. Anastassov, Dr. Philip A. Van Damme and Mr. Lekhram Changoer as their three Series B Directors.

On August 18, 2016 the Company issued all 500,000 shares of its newly designated Series C Preferred Stock to MJNA Investment Holdings, LLC in exchange for cash of $65,000. At this time the holders of the Series C Preferred Stock have decided not to elect any Series C Directors.

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 materi 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 cannabinoids technologies. Our activities are anticipated to include the following:

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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 controlled-release 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.

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Conducting research trials of a novel delivery mechanism (patent pending) for treatment of patients with ADHD.

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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.

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

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Completing a proof of concept 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.

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Development of novel (patent pending) pharmaceutical and nutriceutical cannabinoid-based preparation CannQuit formulations for tobacco and cannabis smoking cessation.

.

Procurement of GMP, pharmaceutical grade cannabinoids via our new (patent pending) extraction technologies in The Netherlands.

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Development of our 95% pure, microencapsulated, GMP and pharmaceutical grade cannabinoids (patent pending).

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Development of high-energy-output hemp coal CannaCoal . (patent pending).

.

Development of novel (patent pending) antibacterial preparations based on cannabinoids.

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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 ophtalmological preparations based on cannabigerol CannBleph (patent pending).

.

Completion of contractual agreements for production and export of over 20 novel, trademark-protected formulations with partners in Europe, Israel and South and North America.

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Production of novel pharmaceutical formulations for pharmaceutical companies from the US and Israel. One of these is for a condition designated as an orphan disease. The other is for production of pharmaceutical product based on our proprietary delivery platform utilizing synthetic cannabinoids.

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

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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, nutriceutical and consumer products preparations as well as an innovative, environmentally-friendly;   box in a box -design center for R&D and manufacturing.

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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 forms based on proprietary process (patent pending).

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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 11, 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 reach 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, nutriceuticals, plastics, fuel, textiles, and medical delivery devices.

Our focus is on the development of innovative pharmaceutical, nutriceutical 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. Secondarily, we are targeting manufactures 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 intellectually property includes trademarks eighteen (18) trademarks, some are registered trademarks, some have received Notices of Allowance, and some are still pending in front of the United States Patent and Trademark Office (Axim, A Axim Biotech, CanChui, Cannonich, Cannanimals, Oraximax, CannaCoal, CanShu, CanQuit, SuppoCann, OpthoCann, 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; seven (7) pending patent applications (oral care, ophthalmic, sugar alcohol kneading method, antimicrobial, extraction method, cosmetic, and nicotine dependent treatment gum); six (6) 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 August 20, 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 six months ended June 30, 2016 to June 30, 2015.

For the six month periods ended June 30, 2016 and 2015, our revenues totaled $25,246 and $12,112; respectively, from continuing operations. This is due to our start up business operations and our change in business operations in early 2015.

	Six Months Period Ended June 30, 2016	Six Months Period Ended June 30, 2015
Legal and other fees	$ 80,368	$ 68,896
Depreciation	1,678	-
Audit fees	5,000	13,500
Filing fees	1,854	2,320
Office/Other expenses	13,776	16,545
Travel and entertainment expenses	10,052	43,064
Advertising and promotions	46,662	109,476
Compensation costs	910,263	892,562
Insurance expense	42,616	74,038
Impairment	9,753	-
Consulting fees	85,994	274,631
Taxes	10,018	10,959
Officer s salary	120,000	120,000
Research and development	76,226	373,927
Licenses and permits	17,355	61,511
Total	$ 1,431,615	$ 2,061,429

Our operating expenses for the six month periods ended June 30, 2016 and 2015, were $1,431,615 and $2,061,429 respectively. The changesfor the six month period ended June 30, 2016, was due primarily to decreases in advertising and promotions, consulting fees and research and development expenses.

Other (Income) expenses:

Our interest expense for the six months ending in 2016 and 2015 was $24,009.and $18,316 respectively. The Company incurred a $1,385,000 loss on debt extinguishment during the six months ended June 30, 2016.

Comparison of the three months ended June 30, 2016 to June 30, 2015.

For the three month periods ended June 30, 2016 and 2015, our revenues totaled $11,241 and $12,112 from continuing operations. This is due to our start up business operations and our change in business operations in early 2015.

	Three Months Period Ended June 30, 2016	Three Months Period Ended June 30, 2015
Legal & Other fees	$ 27,799	$ 25,000
Impairment	94	-
Audit fees	5,000	13,500
Filing fees	1,700	1,641
Office/Other expenses	9,509	12,557
Travel & Entertainment expenses	6,547	7,976
Advertising & Promotions	15,543	46,932
Compensation costs	244,532	856,562
Insurance expense	21,424	36,507
Depreciation expenses	839	-
Consulting Fees	44,603	223,252
Taxes	4,821	5,048
Officer s salary	60,000	60,000
Allowance for bad debts	-	-
Research and development	45,049	251,026
Licenses & Permits	3,184	32,610
Total	$ 490,644	$ 1,572,611

Our operating expenses for the three month periods ended June 30, 2016 and 2015, were $490,644 and $1,572,611 respectively. The changes for the three month period ended June 30, 2016, was due primarily to decreases in advertising and promotions, compensation expense, consulting fees and research and development expenses.

Other (Income) expenses:

Our interest expense for the three months ending in 2016 and 2015 was $12,087.and $188 respectively. The Company incurred a $1,385,000 loss on debt extinguishment of debt during the three months ended June 30, 2016.

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 $2,583,588, has an accumulated deficit of $13,627,404, has cash used in operating activities of continuing operations $545,558 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.

Six months ended June 30, 2016 and 2015

Net Cash Provided by/Used in Operating Activities

Net cash used in operating activities was $545,558 for the six months ended June 30, 2016, as compared to net cash used of $629,576 for the six months ended June 30, 2015. The decrease is primarily attributable to our net loss from operations of $2,842,674 and offset by net changes in the balances of operating assets and liabilities and by amortization of prepaid services, amortization of prepaid insurance, stock based compensation and loss on extinguishment of debt.

Net Cash Used in Investing Activities

Net cash used by investing activities during the period ended June 30, 2016 was $0 compared to $0 for the same period in 2015..

Net Cash Provided by Financing Activities

Net cash provided by financing activities during the period ended June 30, 2016, was $430,000 compared to $0 for the same period in 2015. Cash provided by financing activities were primarily a result of advances from related parties.

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 judgment 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 June 30, 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 June 30, 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 to 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 restricted shares of its common stock valued at $52,500 to Dr. George Anastassov, its Chief Executive Officer, pursuant to the terms of Dr. Anastassov's employment agreement.

On March 17, 2016, the Company issued 3,953 restricted shares of common stock valued at $3,123 as payment for consultant services performed for the Company.

On June 30, 2016 the Company issued 500,000 restricted shares of its common stock in exchange for the conversion of $5,000 of a convertible note payable,

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.

Item 6. Exhibits.

Statements

Condensed Consolidated Balance Sheets as of June 30, 2016 (unaudited) and December 31, 2015.

Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2016 and 2015 (unaudited)

Condensed Consolidated Statements of Changes in Shareholders' Deficit for the six months ended June 30, 2016 (unaudited)

Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 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.

Exhibits	**Exhibit #**	**Incorporated by Reference (Form Type)**	**Filing Date**	**Filed with This Report**
Articles of Incorporation, as filed with the Nevada Secretary of State on November 18, 2010.	3.1	10-Q	11/14/2014	
Amended and Restated (As of August 17, 2016) Bylaws of AXIM Biotechnologies, Inc.	3.2			**X**
Certificate of Designation of Series B Preferred Stock	3.3			**X**
Certificate of Designation of Series C Preferred Stock	3.4			**X**
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 AXIM International, Inc. and Dr. George E. Anastassov.	10.1	10-K	4/14/2015	
Certification of Principal Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities	31.1			**X**

and Exchange Act of 1934, as amended		
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	**X**
XBRL Instance Document	101.INS	**X**
XBRL Taxonomy Extension Schema Document	101.SCH	**X**
XBRL Taxonomy Extension Calculation Linkbase Document	101.CAL	**X**
XBRL Taxonomy Extension Definition Linkbase Document	101.DEF	**X**
XBRL Taxonomy Extension Label Linkbase Document	101.LAB	**X**
XBRL Taxonomy Extension Presentation Linkbase Document	101.PRE	**X**

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: August 22, 2016	By:	*/s/ Dr. George Anastassov* Dr. George Anastassov President and Director Principal Executive Officer
Dated: August 22, 2016	By:	*/s/ Robert Malasek* Robert Malasek Principal Financial Officer