
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2010

or

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

For the transition period from to .

COMMISSION FILE NUMBER: 0-11933

ACCESS INTERNATIONAL INC.

(Exact name of small business issuer as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

85-0294536

(I.R.S. Employer Identification No.)

**16650 Westgrove Drive, Suite 600
Addison, Texas 75001
(972) 407-6080**

(Address, including telephone number and area code, of principal executive offices)

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 No

Indicate by check mark whether the 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 No

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer

Accelerated filer

Non-accelerated 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). Yes No

Number of shares of common stock outstanding on May 3, 2010: 34,596,170

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PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

**ACCESS INTERNATIONAL INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)**

	March 31, 2010	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 129,941	\$ 65,534
Accounts receivable - trade, net of allowance for doubtful accounts of \$24,715 for 2010 and 2009, respectively.	20,119	142,213
Inventory, net	84,362	83,387
Prepaid expenses and other	41,300	46,631
Total current assets	275,722	337,765
Property, plant and equipment, net	14,059	16,727
Deferred debt issuance costs	10,938	12,500
Other assets	37,624	40,213
Total assets	<u>\$ 338,343</u>	<u>\$ 407,205</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable (includes \$25,059 and \$15,253 with related party in 2010 and 2009, respectively)	\$ 870,818	\$ 831,484
Accrued liabilities	486,144	331,899
Accrued interest	1,306,150	1,246,812
Deferred revenue	8,507	9,342
Notes payable	162,000	162,000
Dividends payable	—	31,514
Total current liabilities	2,833,619	2,613,051
Notes payable to stockholders (includes \$2,141,213 and \$1,791,213 with a related party in 2010 and 2009, respectively)	4,598,772	4,248,772
Debt discount	(742,085)	(682,478)
Total liabilities	6,690,306	6,179,345
Commitments and contingencies (Notes 1 and 2)		
Stockholders' deficit:		
Convertible preferred stock, 10,000,000 shares authorized in 2010 and 2009. Without liquidation preferences; \$0.01 par value, 4,550,201 and 4,550,211 shares issued and outstanding in 2010 and 2009, respectively	45,502	45,502
Common stock, \$.01 par value, 70,000,000 shares authorized in 2010 and 2009; 33,742,593 and 33,642,593 shares issued and outstanding in 2010 and 2009, respectively.	337,426	336,426
Additional paid-in capital	167,922,894	167,385,813
Shares of common to be issued	829	—
Accumulated deficit	(174,658,614)	(173,539,881)
Total stockholders' deficit	(6,351,963)	(5,772,140)
Total liabilities and stockholders' deficit	<u>\$ 338,343</u>	<u>\$ 407,205</u>

See accompanying notes to unaudited consolidated financial statements.

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ACCESS INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	2010	2009
Sales	\$ 145,289	\$ 1,082,682
Cost of sales	86,049	745,974
Gross profit	59,240	336,708
Expenses:		
Research and development	343,677	309,359
General and administrative	485,034	324,453
Selling and marketing	247,586	394,559
Depreciation and amortization	5,257	4,664
Operating expenses	1,081,554	1,033,035
Loss from operations	(1,022,314)	(696,327)
Other income (expense):		
Interest expense	(96,418)	(107,361)
Gain on vendor settlements	—	43,810
Other income (expense), net	(96,418)	(63,551)
Net loss	(1,118,732)	(759,878)
Preferred stock dividend requirements:	—	(47,466)
Net loss applicable to common stock	\$ (1,118,732)	\$ (807,344)
Basic and diluted net loss per share	\$ (0.03)	\$ (0.03)
Weighted average shares of common stock outstanding	33,689,260	31,211,006

See accompanying notes to unaudited consolidated financial statements.

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ACCESS INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended	
	March 31,	
	2010	2009
Cash flows from operating activities:		
Net loss	\$ (1,118,732)	\$ (759,878)
Adjustments to reconcile net loss to net cash provided by (used in) by operating activities:		
Depreciation and amortization	5,257	4,664
Amortization of financing discount and issuance costs, net	(58,044)	5,179
Gain on vendor settlements and statutory write-off of payables	—	43,810
Stock based compensation expense	412,270	148,758
Changes in operating assets and liabilities:		
Accounts receivable	122,094	(4,605)
Inventory	(975)	60,876
Prepaid expenses and other	5,331	(330,480)
Other assets	—	—
Accounts payable and accrued expenses	347,206	944,163
Net cash provided by (used in) operating activities	<u>(285,593)</u>	<u>112,487</u>
Cash flow from investing activities:		
Capital expenditures	—	—
Net cash used in investing activities	<u>—</u>	<u>—</u>
Cash flow from financing activities:		
Principal payments on financing agreements	—	(160,000)
Borrowings on financing agreements	350,000	160,000
Net cash provided by financing activities	<u>350,000</u>	<u>—</u>
Net change in cash and cash equivalents	64,407	112,487
Cash and cash equivalents, beginning of period	65,534	51,392
Cash and cash equivalents, end of period	<u>\$ 129,941</u>	<u>\$ 163,879</u>
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Warrants issued as a debt discount	\$ 95,124	\$ 49,874
Accrued preferred stock dividends	—	47,466
Conversion of preferred shares into common stock	—	100
Conversion of accrued dividends into common stock	31,515	1,913

See accompanying notes to unaudited consolidated financial statements.

AXCESS INTERNATIONAL INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) Summary of Significant Accounting Policies

(a) Description of Business and Going Concern

The Company is a leading provider of patented Radio Frequency Identification (“RFID”) and Real Time Location Systems (“RTLS”) solutions that locate, track, monitor, count and protect people, assets, and vehicles, thereby improving productivity, security and access to real-time intelligence. The Company’s multiuse, single-system solutions include active, dual and semi-active RFID tags, activators and readers that support automatic monitoring and tracking applications, such as electronic asset protection and asset management, and automatic personnel and vehicle access control. Access’ web-based software provides a suite of management tools that include reporting, display, decision and control functions that enable productivity, security and local positioning.

The Company’s business plan for 2010 is predicated principally upon the successful marketing of its RFID products. During the first three months of 2010, operations utilized approximately \$286,000 of cash. The Company anticipates that its existing working capital resources and revenues from operations will not be adequate to satisfy its funding requirements for all of 2010. We are currently experiencing declining liquidity, losses from operations and negative operating cash flows, which make it difficult for us to meet our current cash requirements, including payments to vendors, and may jeopardize our ability to continue as a going concern. Management is attempting to obtain equity financing for use in the Company’s operations. In addition, management is trying to expand the Company’s sales and obtain profitable operations.

Our auditors have included an explanatory paragraph in their audit opinion with respect to our consolidated financial statements at December 31, 2009. The paragraph states that our recurring losses from operations and resulting continued dependence on access to external financing raise substantial doubts about our ability to continue as a going concern. Furthermore, the factors leading to and the existence of the explanatory paragraph may adversely affect our relationship with customers and suppliers and have an adverse effect on our ability to obtain financing.

The future results of operations and financial condition of the Company will be impacted by the following factors, among others: changes from anticipated levels of sales, access to capital, future national or regional economic and competitive conditions, changes in relationships with customers, difficulties in developing and marketing new products, marketing existing products, customer acceptance of existing and new products, validity of patents, technological change, dependence on key personnel, availability of key component parts, dependence on third party manufacturers, vendors, contractors, product liability, casualty to or other disruption of the production facilities, delays and disruptions in the shipment of the Company’s products, and the ability of the Company to meet its stated business goals.

If the Company’s losses or lack of operating capital continue, the Company will have to obtain funds to meet its cash requirements through business alliances, such as strategic or financial transactions with third parties, the sale of securities or other financing arrangements, or the Company may be required to curtail its operations, seek a merger partner, or seek protection under federal bankruptcy laws. Any of the foregoing may be on terms that are unfavorable to the Company or disadvantageous to existing stockholders. In addition, no assurance may be given that the Company will be successful in raising additional funds or entering into business alliances.

(b) Company Organization

The accompanying consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

The Company has received working capital in various forms from Amphion Ventures, L. P. and affiliates of Amphion Ventures, L. P. including Amphion Partners, Amphion Investments LLC, Antiope Partners LLC, VennWorks LLC (formerly incuVest LLC), Amphion Capital Management LLC, Amphion Innovations plc, Amphion Innovations US Inc. and NVW, LLC (collectively, the “Amphion Group”). The Amphion Group owns approximately 49% of the outstanding voting common stock of the Company.

(c) Basis of presentation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. As discussed below, the Company makes significant assumptions in

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recording its allowance for doubtful accounts, inventory valuation, impairment of long-lived assets, warranty costs, the valuation allowance for deferred tax assets, the value of components of equity and debt instruments and stock based compensation expense. Actual results could differ from those estimates, and the differences may be significant.

The accompanying unaudited financial statements as of March 31, 2010 and for the three months ended March 31, 2010 and 2009, respectively, have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for audited financial statements. In the opinion of management, the interim information includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the interim periods. The footnote disclosures related to the interim financial information included herein are also unaudited. Such financial information should be read in conjunction with the consolidated financial statements and related notes thereto as of December 31, 2009 and for the year then ended included in our annual report on Form 10-K for the fiscal year ended December 31, 2009.

(d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. As discussed below, the Company makes significant assumptions in recording its allowance for doubtful accounts, inventory valuation, and impairment of long-lived assets, warranty costs, the valuation allowance for deferred tax assets and the value of the components of equity and debt instruments. Actual results could differ from those estimates, and the differences may be significant.

(e) Inventory

Inventory is valued at the lower of cost or market using the first-in, first-out method. Inventory, net of valuation allowance of \$8,392 at March 31, 2010 and December 31, 2009, respectively, comprised of the following:

	March 31, 2010	December 31, 2009
Raw materials	\$ 36,072	\$ 37,838
Work-in-process	99	104
Finished goods	48,191	45,445
	<u>\$ 84,362</u>	<u>\$ 83,387</u>

The components of cost of sales are summarized as follows:

	Three Months Ended March 31,	
	2010	2009
Product cost	\$ 85,882	\$ 741,217
Warranty expense	167	4,757
Inventory impairment	—	—
Total	<u>\$ 86,049</u>	<u>\$ 745,974</u>

(f) Stock-Based Compensation

ASC Topic 718, *Compensation — Stock Compensation* requires the cost of all share-based payments to employees, including grants of employee stock options, to be recognized in the consolidated financial statements based on the grant date fair value of those awards. In accordance with ASC Topic 718, this cost is recognized over the period for which an employee is required to provide service in exchange for the award. Stock based compensation expense for 2010 and 2009 was \$412,270 and \$148,758, respectively which was recorded in operating expenses. This expense decreased net profit per share by \$0.012 and \$0.005 for 2010 and 2009, respectively. The Company did not recognize a tax benefit from the stock compensation expense because the Company considers it is more likely than not the related deferred tax assets, which have been reduced by a full valuation allowance, will not be realized.

The Black-Scholes option-pricing model was used to estimate the option fair value. The option pricing model requires a number of assumptions, of which the most significant are, expected stock price volatility, risk-free interest rate and the expected option term (the amount of time from the grant date until the options are exercised or expire). Expected volatility was calculated based upon actual historical stock price movements over the most recent periods at the time of the grants equal to the expected option term, which is consistent with ASC Topic 718.

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The following table illustrates the effect on operating expenses:

	Three Months Ended March 31,	
	2010	2009
Research and development expense	\$ 111,030	\$ 51,147
General and administrative expense	225,497	70,525
Selling and marketing expense	75,743	27,086
Total	<u>\$ 412,270</u>	<u>\$ 148,758</u>

(g) Stock Options and Warrants

Under the Company's 2005 Equity Incentive Plan, the Company may grant up to 5,000,000 shares of common stock to its employees. The exercise price of each option is not less than the market price of the Company's stock on the date of grant and an option's maximum term is ten years. Options are generally granted each year and have various vesting requirements. Options granted typically vest over a four-year period. Shares issued upon stock options exercised are issued as new shares. During the three months ended March 31, 2010, the Company made no grants under the stock option plan.

As of March 31, 2010 the Company had 165,900 options outstanding from the 1991 Equity Plan, 120,000 from the Directors plan, 1,519,961 from the 2001 Equity plan and 515,000 issued as inducements to hire. In total the Company had 2,320,861 employee options outstanding from plans other than the 2005 Equity Incentive Plan.

The following table summarizes employee stock options outstanding and changes during the three months ended March 31, 2010:

	Outstanding Options			
	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Options outstanding at December 31, 2009	6,361,417	\$ 1.38		
Options granted	—	—		
Options exercised	—	—		
Options forfeited	(131,556)	5.50		
Options outstanding at March 31, 2010	<u>6,229,861</u>	1.73	<u>6.26</u>	<u>\$ 62,700</u>
Options exercisable at March 31, 2010	<u>3,771,111</u>	1.60	<u>6.26</u>	<u>\$ 62,700</u>
Options available for grants as of March 31, 2010	<u>1,091,000</u>			

The options outstanding at March 31, 2010 have exercise prices as indicated in the table below:

Option Price	Number of Options	Weighted Average Remaining Life	Intrinsic Value of Vested Unexercised Options
\$0.00 - \$1.00	2,627,000	7.93	\$ 62,700
\$1.01 - \$2.00	3,116,961	5.65	
\$2.01 - \$3.00	200,000	1.97	
\$3.01 - \$4.00	165,900	0.78	
\$4.01 - \$5.00	20,000	1.17	
\$5.01 - \$6.25	100,000	0.17	
Total	<u>6,229,861</u>	<u>6.26</u>	<u>\$ 62,700</u>

The Company has issued warrants to purchase common stock in connection with issuance of notes payable to stockholders and preferred stock. The following table summarizes warrants outstanding at March 31, 2010:

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	WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE
Warrants outstanding at beginning of year	11,826,436	\$ 1.48
Warrants issued	350,000	0.75
Warrants exercised	—	—
Warrants expired unexercised	(1,658,173)	1.50
Warrants outstanding at end of year	<u>10,518,263</u>	1.46

The warrants outstanding at March 31, 2010 have exercise prices as indicated in the table below.

Strike Price	Number of Warrants	Weighted Average Remaining Life
\$0.00 - \$1.00	2,453,474	4.53
\$1.01 - \$2.00	8,064,789	1.83
Total	<u>10,518,263</u>	<u>2.46</u>

During the three months ended March 31, 2010 the Company issued an additional 350,000 warrants in conjunction with various debt agreements. The warrant had a strike price of \$0.75 and they expire on December 31, 2014. The Company estimates the fair market value of the warrant using Black-Scholes Valuation Model. Key assumptions used to estimate the fair market value of the warrants include the exercise price of \$0.75, the expected term (five years), the expected volatility of the Company's stock over the warrants expected term (ranging from 93% to 97%) and risk free interest rate (ranging from 3.59% to 3.88%).

(2) Contingencies

From time to time we may be named in claims arising in the ordinary course of business. Currently, no material legal proceedings, government actions, administrative actions, investigations or claims are pending against us or involve us that, in the opinion of our management, could reasonably be expected to have a material adverse effect on our business and financial condition.

Access is engaged in a number of lawsuits with approximately four vendors and one customer who claim they are owed amounts from \$500 to \$27,000, which aggregates in total \$48,999. We are currently defending or seeking to settle each of the vendor's and customer claims. At March 31, 2010, we accrued \$31,999, which represents the delinquent amounts we expect to be liable for, for the claims described in this paragraph.

On March 31, 2008, Access entered into an agreement with the developer of our next generation RFID product, the Dot, whereby Access has agreed to pay a minimum commercialization fee of one million dollars over the next six years. The amount is still contingent on the supplier completing the testing and certifying the product is within all of the original specifications. The testing is ongoing but the product has not passed all of the preliminary testing and we are still evaluating the impact on the product. As of March 31, 2010 Access has not signed off on the completion of the product and Innovision has issued a letter of termination for failure to pay. We currently have accrued \$392,808 for services that have been completed; however, we have not accrued the remainder for services that have not been completed.

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(3) Preferred Stock

The Company has authorized 10,000,000 shares of convertible preferred stock, of which shares designated in three series are currently outstanding. Information with respect to the series of preferred stock outstanding at each balance sheet date is summarized below.

	Series 2005	Series 2006	Series 2006B	Series 2006C	Series 2007	Series 2008	Series 2008B
Number of shares authorized	2,750,000	1,200,000	750,000	200	205	120	80
Stated value	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01
Number of shares issued and Outstanding							
December 31, 2009	2,649,726	1,200,000	700,000	100	185	120	80
March 31, 2010	2,649,726	1,200,000	700,000	100	175	120	80
Conversion ratio (or conversion price) of preferred shares into common	1 to 1 into voting common stock	1 to 1 into voting common stock	1 to 1 into voting common stock	1 to 10,000 into voting common stock	1 to 10,000 into voting common stock	1 to 10,000 into voting common stock	1 to 10,000 into voting common stock
Liquidation preference	None	None	None	None	None	None	None
Dividend rights	None	None	None	None	None	None	None

(a) Series 2005 Preferred Stock

On December 30, 2005, the Company raised \$813,021 of additional working capital through an exempt Preferred Stock offering under the Securities Act of 1933 Section 4(6) private offering of preferred stock to accredited and institutional investors. The Preferred Stock is designated as 2005 Preferred and consists of 956,495 shares of Preferred Stock bearing no dividends. However, the shares are convertible into common stock on a one to one basis at \$0.85. In addition, the Company issued 956,495 warrants to purchase the Company's common stock exercisable for five years at \$1.50 per share. Each warrant will be callable by the Company if and when the Company's common stock share price exceeds \$3.00 per share for at least twenty (20) consecutive trading days. The Company used the proceeds for general working capital.

On March 14, 2006, the Company raised an additional \$1,489,245 of additional working capital through an exempt Preferred Stock offering under the Securities Act of 1933 Section 4(6) private offering of preferred stock to accredited and institutional investors. The Preferred Stock is designated as 2005 Preferred and consists of 1,752,055 shares of Preferred Stock bearing no dividends. However, the shares are convertible into common stock on a one to one basis at \$0.85. In addition, the Company issued 1,752,055 warrants to purchase the Company's common stock exercisable for five years at \$1.50 per share. Each warrant will be callable by the Company if and when the Company's common stock share price exceeds \$3.00 per share for at least twenty (20) consecutive trading days. The Company will use the proceeds for general working capital.

As of March 31, 2010 and December 31, 2009, the Company had 2,649,726 shares of Series 2005 Preferred shares outstanding, respectively.

(b) Series 2006 Preferred Stock

On May 31, 2006, the Company raised \$1,200,000 of additional working capital through an exempt Preferred Stock offering under the Securities Act of 1933 Section 4(6) private offering of preferred stock to accredited and institutional investors. The Preferred Stock is designated as 2006 Preferred and consists of 1,200,000 shares of Preferred Stock bearing no dividends. However, the shares are convertible into common stock on a one to one basis at \$1.00. In addition, the Company issued 600,000 warrants to purchase the Company's common stock exercisable for five years at \$2.00 per share. Each warrant will be callable by the Company if and when the Company's common stock share price exceeds \$5.00 per share for at least twenty (20) consecutive trading days. The Company used the proceeds for general working capital.

As of March 31, 2010 and December 31, 2009, the Company had 1,200,000 shares of Series 2006 Preferred shares outstanding.

(c) *Series 2006B Preferred Stock*

On December 1, 2006, the Company raised \$750,000 of additional working capital through an exempt Preferred Stock offering under the Securities Act of 1933 Section 4(6) private offering of preferred stock to accredited and institutional investors. The Preferred Stock is designated as 2006B Preferred and consists of 750,000 shares of Preferred Stock bearing no dividends. However, the shares are convertible into common stock on a one to one basis at \$1.00. In addition, the Company issued 750,000 warrants to purchase the Company's common stock exercisable for five years at \$2.00 per share. The Company will use the proceeds for general working capital.

\$150,000 of the 2006B Preferred Equity Offering was from Amphion Innovations plc, an affiliate of the Amphion Group, our majority shareholder and \$300,000 was from Richard C.E. Morgan our chairman and an affiliate of the Amphion Group.

As of March 31, 2010 and December 31, 2009, the Company had 700,000 shares of Series 2006B Preferred shares outstanding.

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(d) Series 2006C Preferred Stock

On January 29, 2007, the Company raised \$2,000,000 of additional working capital through an exempt Preferred Stock offering under the Securities Act of 1933 Section 4(6) private offering of preferred stock to accredited and institutional investors. The Preferred Stock is designated as 2006C Preferred and consists of 200 shares of Preferred Stock bearing no dividends. However, the shares are convertible into common stock on a ten thousand (10,000) to one (1) basis at \$1.00. In addition, the Company issued 1,000,000 warrants to purchase the Company's common stock exercisable for five years at \$2.00 per share. The Company will use the proceeds for general working capital.

As of March 31, 2010 and December 31, 2009, the Company had 100 shares of Series 2006C Preferred shares outstanding.

(e) Series 2007 Preferred Stock

During the third quarter of 2007, the Company raised \$2,050,000 of additional working capital through an exempt Preferred Stock offering under the Securities Act of 1933 Section 4(6) private offering of preferred stock to accredited and institutional investors. The Preferred Stock is designated as 2007 Preferred and consists of 205 shares of Preferred Stock bearing no dividends. However, the shares are convertible into common stock on a one to ten thousand basis at \$1.00. In addition, the Company issued 1,025,000 warrants to purchase the Company's common stock exercisable for five years at \$2.00 per share. The Company used the proceeds from the sale of the 2007 Preferred stock for general working capital.

\$250,000 of the 2007 Preferred Equity Offering was from Richard C.E. Morgan our chairman and an affiliate of the Amphion Group.

During the first quarter of 2010, one holder of the Series 2007 Preferred elected to convert his 10 shares in to 100,000 shares of Axxess Common shares. As of March 31, 2010 and December 31, 2009, the Company had 175 and 185 shares of Series 2007 Preferred shares outstanding, respectively.

(f) Series 2008 Preferred Stock

On April 25, 2008, the Company raised \$1,200,000 of additional working capital through an exempt Preferred Stock offering under the Securities Act of 1933 Section 4(6) private offering of preferred stock to accredited and institutional investors, which have previously invested in Axxess. The Preferred Stock is designated as 2008 Preferred and consists of 120 shares of Preferred Stock bearing no dividends. However, the shares are convertible into common stock on a 1 to 10,000 basis. In addition, the Company issued 1,200,000 warrants to purchase the Company's common stock exercisable for five years at \$1.50 per share.

The Company also recorded an additional preferred stock dividend of \$558,686 relating to the beneficial conversion feature and the warrants that were issued in connection with the 2008 Preferred Stock Equity.

As of March 31, 2010 and December 31, 2009 the Company had 120 shares of Series 2008 Preferred shares outstanding.

(g) Series 2008B Preferred Stock

Beginning on September 30, 2008 the Company authorized the raising of \$600,000 of additional working capital through an exempt Preferred Stock offering under the Securities Act of 1933 Section 4(6) private offering of preferred stock to accredited and institutional investors. The Preferred Stock is designated as 2008B Preferred and consists of 80 shares of Preferred Stock bearing no dividends. However, the shares are convertible into common stock on a ten thousand (10,000) to one basis. In addition, the Company issued 400,000 warrants to purchase the Company's common stock exercisable for five years at \$1.50 per share. Each warrant will be callable by the Company if and when the Company's common stock share price exceeds \$3.00 per share for at least twenty (20) consecutive trading days. The Company used the proceeds for general working capital.

The Company also recorded an additional preferred stock dividend of \$187,501 relating to the beneficial conversion feature and the warrants that were issued in connection with the 2008B Preferred Stock Equity.

As of March 31, 2010 and December 31, 2009 the Company had 80 shares of Series 2008B Preferred shares outstanding.

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(4) Notes Payable

Notes payable to Stockholders consist of the following:

	March 31, 2010	December 31, 2009
5.50% PV Proceeds Holdings, Inc., due December 31, 2011	\$ 2,464,559	\$ 2,464,559
5.00% 2009 Convertible notes, due December 31, 2014	1,902,426	1,552,426
5.50% Amphion Investment LLC note, due December 31, 2011	393,787	393,787
Debt discount	(742,085)	(682,478)
	<u>4,018,687</u>	<u>3,728,294</u>
Less current maturities		
PV Proceeds Holdings, Inc	(162,000)	(162,000)
Amphion Innovations plc	—	—
Non-current notes payable to stockholders	<u>\$ 3,856,687</u>	<u>\$ 3,566,294</u>

PV Proceeds Holdings, Inc.

On July 28, 1999, the Company acquired substantially all of the assets of PV Proceeds Holdings, Inc. (formerly “Prism Video”), a privately held corporation, and agreed to pay \$4,000,000 to PV Proceeds Holdings, Inc. on December 31, 2002. The balance of the indebtedness under the PV Proceeds Holdings, Inc. note issued was due in full by the Company on December 31, 2002 and was in default during 2003 until extended by PV Proceeds Holdings, Inc. The note payable had an original face amount of \$4,000,000 and was collateralized by the Company’s note receivable from Amphion Ventures, LP (“Amphion Ventures”). Pursuant to the Asset Purchase Agreement between Axxess and PV Proceeds Holdings, Inc., Axxess assigned PV Proceeds Holdings, Inc. all payments of principal to be made by Amphion Ventures under the note receivable until the balance of the note receivable was paid in full or the balance due under the note payable to PV Proceeds Holdings, Inc. was paid in full, whichever occurred first. In addition, the shares of common stock, which PV Proceeds Holdings, Inc. may acquire upon conversion of preferred stock or by exercise of the warrant, were subject to a three-year lockup from the date of the closing, which could be reduced to two years upon the occurrence of certain events. The warrant was exercisable on or before July 28, 2004.

Axxess reached an Agreement to Amend Purchase Note and Payment Term with PV Proceeds Holdings, Inc. PV Proceeds Holdings, Inc. consented to a five-year extension of the note with an interest rate of 5% per annum from January 1, 2003 payable in full at maturity of December 31, 2007. As further consideration for entering into the agreement Axxess granted to PV Proceeds Holdings, Inc. a warrant to purchase up to 500,000 shares of common stock of Axxess. The warrants had an exercise price of \$2.00 per share and expired on the earlier of February 14, 2008 or forty-five days after the principal and all accrued interest are paid. Axxess has also agreed to reduce the principal amount due first for 10% of equity proceeds and second 20% of proceeds from options exercised. Axxess also recorded deferred debt issuance costs of \$689,932 for the value of the warrants, which were amortized over the life of the loan. The deferred debt issuance costs were fully amortized as of December 31, 2007.

Axxess reached an Agreement with PV Proceeds Holdings, Inc. to extend the maturity of the note from December 31, 2007 to December 31, 2011. Axxess agreed to pay a \$25,000 extension fee and to increase the interest rate from 5.0% to 5.5%. The extension fee is reflected as deferred debt issuance cost and amortized as interest expense over the life of the extension. As of December 31, 2009 the balance is \$12,500. Axxess has also agreed to reduce the principal amount due by 10% of any equity proceeds and 20% of all proceeds from options and warrants exercised and as a result owe \$162,000 at December 31, 2009. As of December 31, 2009 no payment has been issued in connection with the Series 2008 or 2008B Preferred Equity offerings. During 2009 and 2008, there were \$135,551 and \$136,128 of interest expensed for the PV Proceeds Holdings note. Accrued interest for the PV Proceeds Holdings note were \$1,144,133 and \$1,110,710 at March 31, 2010 and December 31, 2009, respectively. The balance as of March 31, 2010 was \$2,464,559.

Amphion Investment LLC

Axxess entered into a 6.75% demand note with Amphion Investments, LLC, dated January 25, 2002. The borrowings are unsecured. The note was due December 31, 2007, Axxess reached an Agreement with Amphion Investments LLC to extend the maturity of the note to December 31, 2011. Axxess agreed to increase the interest rate from 5.0% to 5.5%. During 2009 and 2008, there were \$21,658 and \$21,718 of interest expensed for the Amphion Investment LLC note. Accrued interest for the Amphion Investment note were \$129,200 and \$123,859 at March 31, 2010 and December 31, 2009, respectively. As of March 31, 2010 the outstanding amount is \$393,787.

2009 Convertible Note

Starting on October 29, 2009 through March 31, 2010, Axxess entered into certain convertible notes with several institutional or otherwise accredited investors including Amphion Innovations plc, an affiliate of the Amphion Group, our majority shareholder. The aggregate principal of the notes is \$1,902,426 and is unsecured (the “Convertible Notes”). The Convertible Notes have a five percent per annum simple interest rate and will become due on December 31, 2014. The Convertible Notes are convertible into 3,804,852 common shares of Axxess at the option of each of the holders. As part of the consideration for the Convertible Notes, Axxess also issued to the note

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holders warrants to purchase an aggregate of 1,902,426 common shares with an exercise price of \$0.75. The warrants expire on December 31, 2014.

A portion of the new Convertible Notes was issued for the conversion and retirement of older convertible notes currently held by Amphion Innovations plc. The principal of the notes converted was \$1,038,273 and had accrued interest of \$79,153. As of March 31, 2010, total due to Amphion Innovations plc is \$1,442,426. Amphion has not funded the remaining \$175,000 that has been committed.

Accrued interest for the 2009 Convertible notes were \$32,817 and \$12,242 at March 31, 2010 and December 31, 2009, respectively. As of March 31, 2010 the outstanding amount is \$1,902,426.

(5) Significant Customers

During the three months ended March 31, 2010, the Company had four customers that accounted for 57% of our revenue. During the three months ended March 31, 2009 the Company had one customer that accounted for 74% of our revenue.

(6) Recent Accounting Pronouncements

In September 2009, the FASB ratified an amendment to accounting standards addressing revenue recognition for arrangements with multiple revenue-generating activities. The amendment addresses how revenue should be allocated to separate elements that could impact the timing of revenue recognition. The amendment is effective for us on a prospective basis for revenue arrangements entered into or materially modified on or after January 1, 2011, and earlier application is permitted. We may elect, but are not required, to apply the standards retrospectively to all prior periods. We are currently evaluating the impact this amendment may have on our consolidated financial position and results of operations.

(7) Subsequent Events

Since March 31, 2010, Axxess has continued to enter into certain 2009 convertible notes with several institutional or otherwise accredited investors including Amphion Innovations plc, an affiliate of the Amphion Group, our majority shareholder. The aggregate additional principal of the notes is \$470,000 issued and is unsecured (the "Convertible Notes"). The Convertible Notes have a five percent per annum simple interest rate and will become due on December 31, 2014. The Convertible Notes are convertible into 940,000 common shares of Axxess at the option of each of the holders. As part of the consideration for the Convertible Notes, Axxess also issued to the note holders warrants to purchase an aggregate of 470,000 common shares with an exercise price of \$0.75. The warrants expire on December 31, 2014.

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

Forward-Looking Statements

This quarterly report on Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended, which can be identified by the use of forward-looking terminology such as, "may," "expect," "could," "plan," "seek," "anticipate," "estimate," or "continue" or the negative thereof or other variations thereon or comparable terminology.

These forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from those referred to in the forward-looking statements and are made pursuant to the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995. These statements are made based on management's current expectations or beliefs as well as assumptions made by, and information currently available to, management.

A variety of factors could cause actual results to differ materially from those anticipated in the Company's forward-looking statements, including the following factors: changes from anticipated levels of sales, access to capital, future national or regional economic and competitive conditions, changes in relationships with customers, difficulties in developing and marketing new products, marketing existing products, customer acceptance of existing and new products, validity of patents, technological change, dependence on key personnel, availability of key component parts, dependence on third party manufacturers, vendors, contractors, product liability, casualty to or other disruption of the production facilities, delays and disruptions in the shipment of the Company's product, and the ability of the Company to meet its stated business goals. For a detailed discussion of these and other cautionary

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statements and factors that could cause actual results to differ from the Company's forward-looking statements, please refer to the Company's filings with the Securities and Exchange Commission, especially "Item 1. Description of Business" (including the "Risk Factors" section of Item 1) and "Item 6. Management's Discussion and Analysis of Plan of Operation" of the Company's 2009 Annual Report on Form 10-K.

Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. The Company does not undertake any obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof. Readers should carefully review the risk factors described in other documents the Company files from time to time with the Securities and Exchange Commission.

Recent Developments: Going Concern and Liquidity Problems

We do not have sufficient working capital to sustain our operations. We have been unable to generate sufficient revenues to sustain our operations. We will have to obtain funds to meet our cash requirements through business alliances, such as strategic or financial transactions with third parties, the sale of securities or other financing arrangements, or we may be required to curtail our operations, seek a merger partner, or seek protection under federal bankruptcy laws. Any of the foregoing may be on terms that are unfavorable to us or disadvantageous to existing stockholders. In addition, no assurance may be given that we will be successful in raising additional funds or entering into business alliances.

Our auditors have included an explanatory paragraph in their audit opinion with respect to our consolidated financial statements at December 31, 2009. The paragraph states that our recurring losses from operations and resulting continued dependence on access to external financing raise substantial doubts about our ability to continue as a going concern. Furthermore, the factors leading to and the existence of the explanatory paragraph may adversely affect our relationship with customers and suppliers and have an adverse effect on our ability to obtain financing.

Liquidity and Capital Resources

Since inception, we have utilized the proceeds from a number of public and private sales of our equity securities, the exercise of options, convertible debt, and short-term bridge loans from stockholders to meet our working capital requirements. At March 31, 2010, we had a working capital deficit of \$2,557,897.

Our operations are not profitable in 2010. Our cash increased \$64,407 during the three months ended March 31, 2010. We funded operations with convertible notes. No assurance can be given that such activities will continue to be available to provide funding to us. Our business plan for 2010 is predicated principally upon the successful marketing of our RFID products. We anticipate that our existing working capital resources and revenues from operations will not be adequate to satisfy our funding requirements throughout 2010.

Our working capital requirements will depend upon many factors, including the extent and timing of our product sales, our operating results, the status of competitive products, and actual expenditures and revenues compared to our business plan. We are currently experiencing declining liquidity, modest profits from operations and small positive cash flows, which make it difficult for us to meet our current cash requirements, including payments to vendors, and may jeopardize our ability to continue as a going concern. We intend to address our liquidity problems by controlling costs, seeking additional funding (through capital raising transactions and business alliances) and maintaining focus on revenues and collections.

If our losses continue, we will have to obtain funds to meet our cash requirements through business alliances, such as strategic or financial transactions with third parties, the sale of securities or other financing arrangements, or we may be required to curtail our operations, seek a merger partner, or seek protection under federal bankruptcy laws. Any of the foregoing may be on terms that are unfavorable to us or disadvantageous to existing stockholders. In addition, no assurance may be given that we will be successful in raising additional funds or entering into business alliances.

Results of Operations

Three Months Ended March 31, 2010 Compared to Three Months Ended March 31, 2009

Sales and Gross Profit. Sales for the three months ended March 31, 2010 were \$145,289 and for the three months ended March 31, 2009 were \$1,082,682. Cost of sales for the three months ended March 31, 2010 were \$86,049 and for the three months ended March 31, 2009 were \$745,974. The gross profit for the three months ended March 31, 2010 was \$59,240 and \$336,708 for the three months ended March 31, 2009. The majority of the decrease in sales is a result of the Trinidad Port of Spain Contract awarded in January 2009. The gross margin percent for the three months ended March 31, 2010 was 41% compared to 31% for the same period in 2009. The higher gross

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margin percent was a result of the timing of the services provided in the Trinidad Port of Spain Contract. We continue to expect the margin will continue to be stable in the 40% to 50% range.

Operating Expenses. Operating expenses were \$1,081,554 for the three months ended March 31, 2010 and \$1,033,035 for the three months ended March 31, 2009. Overall operating expenses were basically flat over the period. The increase relates to the non-cash stock compensation expense from option grant that was completed at the end of the 2009 and the majority of the increase is for non cash items.

Research and development expenses were \$343,677 for the three months ended March 31, 2010 and \$309,359 for the three months ended March 31, 2009. The majority of the increase relates to the non-cash stock compensation expense from option grant that was completed at the end of the 2009 offset by a reduction in prototype development.

Corporate general and administrative expenses were \$485,034 for the three months ended March 31, 2010 and \$324,453 for the three months ended March 31, 2009. The increase is related to the non-cash stock compensation expense from option grant that was completed at the end of the 2009 and a slight increase in legal fees relating to patent work and increased investor relations activity.

Selling and marketing expenses were \$247,586 for the three months ended March 31, 2010 and \$394,559 for the three months ended March 31, 2009. The majority of the decrease relates to a decrease in selling expense for the Trinidad contract that was paid in 2009. However, we did offset a portion of the decrease with increased trade show expenses, increased non-cash stock compensation expense from option grant that was completed at the end of the 2009 and increased advertising expense.

Depreciation and amortization expenses were \$5,257 for the three months ended March 31, 2010 and \$4,664 for the three months ended March 31, 2009. The increase is related to equipment that has been purchased for the development of our new product.

Other expenses, net. Other expenses, net, were \$96,418 for the three months ended March 31, 2010 and \$63,551 for the three months ended March 31, 2009. Interest expense was \$10,943 lower during the three months ended March 31, 2010, compared to the three months ended March 31, 2009, reflecting lower expense associated with warrants that were issued with the convertible notes. The gain on vendor settlements was also decreased by \$43,810.

Net loss. Net loss was \$1,118,732 for the three months ended March 31, 2010, compared to \$759,878 for the three months ended March 31, 2009. The increase is mainly related to a decrease in gross margin contribution and higher non-cash stock compensation expense.

Preferred Stock dividend requirements. Preferred Stock dividend requirements were \$0 for three months ended March 31, 2010 and \$47,466 for three months ended March 31, 2009. The decrease is a result of 2003B Series preferred stock being converted to common shares leaving no dividend paying preferred shares outstanding as of December 31, 2009.

Other

Inflation. During the last two fiscal years inflation has not had, and is not expected to have during this fiscal year, a material impact on the operations and financial condition of the Company.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

None

Item 4. Controls and Procedures

Controls and Procedures

The Company's chief executive officer and chief financial officer are responsible for establishing and maintaining disclosure controls and procedures for the Company.

(a) Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and chief financial officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 ("Exchange Act"), as of March 31, 2010. Based on this evaluation, our principal executive officer and our chief financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were not effective and not adequately designed to ensure that the information required to be disclosed by

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us in the reports we submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms and that such information was accumulated and communicated to our chief executive officer and chief financial officer, in a manner that allowed for timely decisions regarding required disclosure.

Based on our evaluation, management has concluded that our internal control over financial reporting was not effective as of March 31, 2010. Management has determined that (i) we are unable to maintain the proper segregation of various accounting and finance duties because of our small size and limited resources, (ii) much of the financial closing process is done off-line on electronic spreadsheets that are maintained on individual computers and are not backed up and (iii) based on our staffing we rely on our Chief Financial Officer to provide a significant amount of our compensating controls.

We intended to remediate these material weaknesses during 2009 however; liquidity issues prevented us from making changes. Therefore, we intend to address these material weaknesses during the second half of 2010 as liquidity improves. Notwithstanding these material weaknesses, we believe that our financial conditions, results of operations and cash flows presented in this report of Form 10-Q are fairly presented in all material respects.

(b) Changes in Internal Controls

During the period ended March 31, 2010, there has been no change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Access is engaged in a number of lawsuits with approximately four vendors and one customer who claim they are owed amounts from \$500 to \$27,000, which aggregates in total \$48,999. We are currently defending or seeking to settle each of the vendor's and customer claims. At March 31, 2010, we had accrued \$31,999, which represents the delinquent amounts we expect to be liable for.

Item 1A. Risk Factors

Not required

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

During the three months ended March 31, 2010, the Company issued unregistered securities in connection with the transactions described below. The proceeds were used for general working capital requirements. The issuance of stock was exempt from the registration requirements of the Securities Act, as amended by virtue of Section 4(2) thereof, as transactions not involving a public offering and an appropriate restrictive legend was affixed to the stock certificates.

Common Stock

During the three months ended March 31, 2010, one holder of the 2007 Series preferred shares converted his 10 shares into 100,000 Access Common shares.

During the three months ended March 31, 2010 the Company had 131,556 options expire.

Warrants

During the three months ended March 31, 2010 the Company issued an additional 350,000 warrants in conjunction with various debt offerings. The warrants had a strike price of \$0.75 and they expire on December 31, 2014. During the quarter the Company had 1,658,173 warrants expire unexercised.

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

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Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits:

<u>Exhibit No.</u>	<u>Description</u>
31.1	Certification of our President, Chief Executive Officer and Principal Executive Officer, under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of our Vice President, Chief Financial Officer, Secretary and Principal Accounting and Financial Officer, under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of our President, Chief Executive Officer and Principal Executive Officer, under Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of our Vice President, Chief Financial Officer, Secretary and Principal Accounting and Financial Officer, under Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	May 14, 2009 Axxess International Reports First quarter 2010 earning results

<u>Date</u>	<u>Description</u>
1/13/10	The Company announced they had entered into certain convertible notes with several institutional or otherwise accredited investors.
3/1/10	On February 26, 2010, the Company held its fourth quarter and fiscal year 2009 Earnings Conference Call.
5/3/10	On April 26, 2010, the Company announced that the employees and officers of Axxess agreed to take a temporary reduction in cash compensation.

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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.

ACCESS INTERNATIONAL INC.,
Registrant

/s/ ALLAN GRIEBENOW

Allan Griebenow Director, President and
Chief Executive Officer (Principal Executive Officer)

/s/ ALLAN L. FRANK

Allan L. Frank
Chief Financial Officer and Secretary
(Principal Accounting and Financial Officer)

May 13, 2010

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Allan Griebenow, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Axxess International, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers 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 controls over financial reporting (as defined Exchange Act Rules 13-15(f) and 15d-(f)) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidating subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report was prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of the end of the period covered by this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on the required evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2010

/s/ ALLAN GRIEBENOW
Allan Griebenow, President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Allan Frank, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Axxess International, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers 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 controls over financial reporting (as defined Exchange Act Rules 13-15(f) and 15d-(f)) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidating subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report was prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of the end of the period covered by this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on the required evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2010

/s/ ALLAN L. FRANK

Allan L. Frank, Vice President, Chief Financial Officer and Secretary
(Principal Accounting and Financial Officer)

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

In connection with the Quarterly Report of AXCESS International Inc. (the "*Company*") on Form 10-Q for the period ended March 31, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "*Report*"), I, Allan Griebenow, President, Chief Executive Officer and Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

/S/ ALLAN GRIEBENOW

Allan Griebenow

President, Chief Executive Officer and Principal Executive Officer

Dated: May 13, 2010

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

In connection with the Quarterly Report of AXCESS International Inc. (the "*Company*") on Form 10-Q for the period ended March 31, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "*Report*"), I, Allan L. Frank, Vice President, Chief Financial Officer, Secretary and Principal Accounting and Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

/S/ ALLAN L. FRANK

Allan L. Frank

Vice President, Chief Financial Officer, Secretary and Principal Accounting and Financial Officer

Dated: May 13, 2010

ACCESS INTERNATIONAL REPORTS FIRST QUARTER 2010 RESULTS

DALLAS, TX — May 13, 2010 — Access International Inc., (OTCBB: AXSI) a leader in local area Wireless ID solutions, today reported results for the quarter ending March 31, 2010.

Highlights for the First Quarter ending March 31, 2010

- Revenue for the quarter was \$145,289
- Introduced new integrated Wireless ID-Access Control product at ISC Security Trade Show
- Introduced new security industry market channels with global corporate partners
- Gross margin was \$59,240 or 41%
- Net Loss \$1,118,732 represents \$0.03 per share of common stock
- Patented MicroWireless™ technology continues to demonstrate competitive advantages and opportunities for future innovations

“The introduction of the new Dot™ Wireless ID product at the International Security Conference trade show launched a new era for the Company,” said Allan Griebenow, president and CEO of Access. Mr. Griebenow further stated, “The product offers an exciting growth platform for wireless-based features tailored to specific industry segments. Supported by our agreement with HID Global, the dominant access control products supplier in the world, and under the Advantage HID Connect™ Partner program we are also the first Company to field a local area wireless ID integrated with proximity access control. Now a single badge can provide access to the facility and open up the multitude of security, safety and productivity solutions inside the enterprise. Growing traditional security market channels with HID and others which provide a global sales coverage has set the stage for the product’s introduction and revenue contribution while reducing the Company’s dependence on large less predictable projects.”

Corporate and Industry Developments

Access’ systems for business and government use its patented MicroWireless™ technology to wirelessly enable business ID badges, access control cards and other credentials to provide automatic local area real-time business activity monitoring and control solutions. Manual access control and business ID systems, which are constrained in their value to the front door, are easily upgraded to Access’ solutions inside the enterprise. These include high speed access control, internal security monitoring and intrusion detection, emergency evacuation workforce accounting, automatic asset protection and visitor tracking for security and compliance reporting. Systems are also used for contractor time and attendance data collection, safety monitoring and compliance reporting, and workforce time and motion data collection for business process improvement and business intelligence initiatives.

The Company introduced a new Dot™ Wireless ID product at the International Security Conference (ISC-West) trade show in Las Vegas in March. Various Access Dot™ solutions were demonstrated in kiosks located in the HID Global and Tyco-ADT corporate trade show booths highlighting the new product and introducing it to sales personnel, independent security system dealers, system integrators and distributors as well as end users. The product is being positioned as a natural evolutionary step for access cards and business IDs to provide added value in the enterprise. It is expected that Access’ reference accounts in oil/gas, petrochem, construction, utilities, transportation, DoD, and government will provide support for new sales.

During the quarter, Access finalized a contract valued at approximately \$100,000 to provide a worker safety monitoring solution on an oil platform, the Company’s second order on that type of facility. Access has numerous proven-in installations in the oil and gas industry. Follow-on sales for systems already installed occurred in the areas of mining personnel safety, IT asset tracking and loss prevention, and government weapons automated inventory and loss prevention.

The Company believes the recent oil refinery, oil platform, and mining disasters will bring a new awareness to the Company’s workforce safety solutions. The Dot™ Wireless ID with an embedded motion sensor now provides personnel telemetry data which is constantly monitored to sense a workplace

injury situation. Additional features in support of safety and security are being readied to further the Company's competitive advantage in these areas.

Access' core technology area of MicroWireless™ communications has now been proven to represent the technological sweet spot where autonomous wireless identification and data transfer are best enabled in very small, low cost battery-powered devices. Regardless of their hardware platform or form factor, Dot™ IDs operate in their own wireless frequency and are designed specifically for the unique need, independent from interference and unobtrusive to backbone networks. For these uses, MicroWireless eclipses other wireless technologies such as cell phones, EPC-RFID, Ultra-Wideband (UWB), Zig-Bee, Wi-Fi and Bluetooth which are not suited to the automated monitoring of personnel and assets in the enterprise because of unacceptable cost, size, reliability, infrastructure and power consumption constraints.

The core technology continues to be supported by a strong intellectual property foundation of patents and filings. The Company believes this portfolio will continue to open opportunities for IP monetization and strategic partnerships in the near term and long into the future.

Bringing to market the complete set of innovative functions of MicroWireless, creates an open architecture for multiple sources of data to be acquired to deliver previously inaccessible information 24/7 in real-time. These innovation and growth efforts continue to be supported by our shareholders and by key financial advisor, Amphion Innovations plc.

Three Months Ended March 31, 2010 Financial Results

Revenue for the three months of 2010 was \$145,289 compared to \$1,082,682 for the same period in 2009. The decrease in revenue is a result of the Caribbean Port Security Initiative in the first half of 2009 that has not been repeated in 2010. Add-on sales that are considered by the Company to represent a form of recurring revenue were 55% of total sales (excluding the Caribbean Port Security Initiative) in 2010 and 45% for 2009.

Gross margin was 41% or \$59,240 for 2010 compared to 31% or \$336,708 for 2009, reflecting an improved sales mix and timing of the increased scope of the system installation for the Caribbean Port Security Initiative.

Research and development expenses were \$343,677 for the three months ended March 31, 2010 and \$309,359 for the three months ended March 31, 2009. The majority of the increase relates to the non-cash stock compensation expense from option grant that was completed at the end of the 2009 offset by a reduction in prototype development.

Selling, marketing, general & administrative (S, M, G & A) expenses were \$732,620 for the three months ended March 31, 2010, as compared to \$719,012 in 2009. The majority of the increase relates to the non-cash stock compensation expense from an option grant that was completed at the end of the 2009 and a slight increase in legal, investor relations and advertising expenses.

Other expense for the three months ended March 31, 2010 totaled \$96,418, as compared to \$63,551 for 2009. Interest expense was \$10,943 lower during the three months ended March 31, 2010, compared to the three months ended March 31, 2009, reflecting lower expense associated with warrants that were issued with the convertible notes. The gain on vendor settlements was also decreased by \$43,810.

Net loss was \$1,118,732 for the three months ended March 31, 2010, compared to \$759,878 for the three months ended March 31, 2009. The increase is mainly related to a decrease in gross margin contribution and non-cash stock compensation expense from an option grant that was completed at the end of the 2009.

Recurring preferred stock dividend requirements were \$0 for three months ended March 31, 2010 and \$47,466 for three months ended March 31, 2009. The decrease is a result of 2003B Series preferred stock being converted to common shares leaving no dividend paying preferred shares outstanding as of December 31, 2009

Net loss applicable to common stock for the three months ended March 31, 2010 was \$1,118,732, or \$0.03 per share, compared to a loss of \$807,344, or \$0.03 per share for same period in 2009. The majority of the increase in loss in the current year period from the prior year is primarily attributable to the increase in non-cash stock compensation expense from an option grant that was completed at the end of the 2009 and decreased gross profit contribution from the Caribbean Port Security Initiative.

Conference Call

In conjunction with the earnings release, Axxess invites you to listen to its conference call Friday, May 14, 2010, at 12:00 p.m. (Eastern). To participate in the call, domestic callers can dial (888) 713-4214 and international callers can dial (617) 213-4866 and enter the reservation code "18058804." Participants should dial into the call about 10 minutes prior to the start time.

For those unable to attend the live conference call, a replay will be available by dialing (888) 286-8010 for domestic callers and (617) 801-6888 for international callers and entering the replay code "63704292." The replay will be available for one month beginning approximately two hours after the end of the call. There is no charge for participants to access the live event or replay.

The conference call and replay dial in information is also available at Axxess' Website at www.axcessinc.com.

About Axxess International Inc.

Axxess International Inc. (OTCBB: AXSI) provides intelligent Wireless Credentials for business encompassing local location identification, sensing and control capabilities using its patented MicroWireless™ technology platform. The complete system solutions supersede existing manual personnel badges by automating various workforce management tasks that increase productivity, security, safety and business intelligence. MicroWireless — based on active RFID principles — is the economic and technological sweet spot for autonomously-powered low cost, miniature, remote communication devices around the local enterprise. Axxess is a portfolio company of Amphion Innovations plc (AIM: AMP). For more information on Axxess, visit www.axcessinc.com.

Axxess' on-demand webinars are viewable by linking to them from Axxess' Home page or clicking on the following links:

- Emergency Evacuation Workforce Accounting
- MicroWireless Process Automation

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This release contains forward-looking statements as defined in Section 21E of the Securities Exchange Act of 1934, including statements about future business operations, financial performance and market conditions. Such forward-looking statements involve risks and uncertainties inherent in business forecasts.

(tables to follow)

Source: Axxess International, Inc.

ACCESS INTERNATIONAL INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2010	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 129,941	\$ 65,534
Accounts receivable - trade, net of allowance for doubtful accounts of \$24,715 for 2010 and 2009, respectively.	20,119	142,213
Inventory, net	84,362	83,387
Prepaid expenses and other	41,300	46,631
Total current assets	275,722	337,765
Property, plant and equipment, net	14,059	16,727
Deferred debt issuance costs	10,938	12,500
Other assets	37,624	40,213
Total assets	\$ 338,343	\$ 407,205
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable (includes \$25,059 and \$15,253 with related party in 2010 and 2009, respectively)	\$ 870,818	\$ 831,484
Accrued liabilities	486,144	331,899
Accrued interest	1,306,150	1,246,812
Deferred revenue	8,507	9,342
Notes payable	162,000	162,000
Dividends payable	—	31,514
Total current liabilities	2,833,619	2,613,051
Notes payable to stockholders (includes \$2,141,213 and \$1,791,213 with a related party in 2010 and 2009, respectively)	4,598,772	4,248,772
Debt discount	(742,085)	(682,478)
Total liabilities	6,690,306	6,179,345
Commitments and contingencies		
Stockholders' deficit:		
Convertible preferred stock, 10,000,000 shares authorized in 2010 and 2009. Without liquidation preferences; \$0.01 par value, 4,550,201 and 4,550,211 shares issued and outstanding in 2010 and 2009, respectively	45,502	45,502
Common stock, \$0.01 par value, 70,000,000 shares authorized in 2010 and 2009; 33,742,593 and 33,642,593 shares issued and outstanding in 2010 and 2009, respectively.	337,426	336,426
Additional paid-in capital	167,922,894	167,385,813
Shares of common to be issued	829	—
Accumulated deficit	(174,658,614)	(173,539,881)
Total stockholders' deficit	(6,351,963)	(5,772,140)
Total liabilities and stockholders' deficit	\$ 338,343	\$ 407,205

ACCESS INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF OPERATION
(Unaudited)

	Three Months Ended March 31,	
	2010	2009
Sales	\$ 145,289	\$ 1,082,682
Cost of sales	86,049	745,974
Gross profit	59,240	336,708
Expenses:		
Research and development	343,677	309,359
General and administrative	485,034	324,453
Selling and marketing	247,586	394,559
Depreciation and amortization	5,257	4,664
Operating expenses	1,081,554	1,033,035
Loss from operations	(1,022,314)	(696,327)
Other income (expense):		
Interest expense	(96,418)	(107,361)
Gain on vendor settlements	—	43,810
Other income (expense), net	(96,418)	(63,551)
Net loss	(1,118,732)	(759,878)
Preferred stock dividend requirements:	—	(47,466)
Net loss applicable to common stock	\$ (1,118,732)	\$ (807,344)
Basic and diluted net loss per share	\$ (0.03)	\$ (0.03)
Weighted average shares of common stock outstanding	33,689,260	31,211,006