
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD
ENDED SEPTEMBER 30, 2007**

or

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

COMMISSION FILE NUMBER: 0-11933

AXCESS 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.)

**3208 Commander Drive
Carrollton, Texas 75006
(972) 407-6080**

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

Check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

Number of shares of common stock outstanding on October 31, 2007: 28,973,703

Transitional Small Business Disclosure Format: Yes No

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PART 1. FINANCIAL INFORMATION
Item 1. Financial Statements

ACCESS INTERNATIONAL INC.
CONSOLIDATED BALANCE SHEETS

	(Unaudited) September 30, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 972,646	\$ 347,361
Accounts receivable - trade, net of allowance for doubtful accounts of \$14,521 for 2007 and \$17,389 for 2006.	164,047	252,230
Inventory, net	241,103	396,305
Prepaid expenses and other	131,013	92,090
Total current assets	1,508,809	1,087,986
Property, plant and equipment, net	12,757	18,369
Deferred debt issuance costs	42,241	168,963
Other assets	54,721	2,934
Total assets	\$ 1,618,528	\$ 1,278,252
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 140,372	\$ 101,261
Accrued liabilities	1,329,038	1,121,350
Deferred revenue	40,356	25,665
Notes payable to stockholders	3,118,716	3,365,500
Dividends payable	46,797	138,594
Total current liabilities	4,675,279	4,752,370
Commitments and contingencies (Notes 1 and 2)		
Stockholders' deficit:		
Convertible preferred stock, 10,000,000 shares authorized in 2007 and 2006, respectively; Without liquidation preferences; \$0.01 par value, 7,008,955 and 7,073,550 shares issued and outstanding in 2007 and 2006, respectively	70,090	70,735
Common stock, \$.01 par value, 70,000,000 shares authorized in 2007 and 2006, respectively; 28,973,703 shares issued and outstanding in 2007 and 28,657,313 shares issued and outstanding in 2006	289,737	286,573
Additional paid-in capital	162,588,822	158,184,537
Accumulated deficit	(166,005,400)	(162,015,963)
Total stockholders' deficit	(3,056,751)	(3,474,118)
Total liabilities and stockholders' deficit	\$ 1,618,528	\$ 1,278,252

See accompanying notes to unaudited financial statements.

AXCESS INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF OPERATION
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Sales	\$ 281,656	\$ 369,621	\$ 2,963,437	\$ 1,177,659
Cost of sales	136,871	197,379	1,280,977	661,224
Gross profit	144,785	172,242	1,682,460	516,435
Expenses:				
Research and development	397,074	245,888	2,691,499	1,109,476
General and administrative	419,110	444,010	1,277,294	1,409,115
Selling and marketing	319,957	291,838	1,231,734	856,195
Depreciation and amortization	3,488	4,463	12,016	13,580
Operating expenses	1,139,629	986,199	5,212,543	3,388,366
Loss from operations	(994,844)	(813,957)	(3,530,083)	(2,871,931)
Other income (expense):				
Interest expense	(81,545)	(86,994)	(245,991)	(269,629)
Gain in vendor settlements	—	27,343	25,799	70,027
Gain on sale of intellectual property	—	—	—	600,000
Other income (expense), net	(81,545)	(59,651)	(220,192)	400,398
Net loss	(1,076,389)	(873,608)	(3,750,275)	(2,471,533)
Preferred stock dividend requirements:				
Recurring	(79,728)	(81,735)	(239,163)	(243,428)
2005 Preferred equity offering	—	—	—	(1,489,245)
2006 Preferred equity offering	—	—	—	(645,020)
2006C Preferred equity offering	—	—	(2,000,000)	—
2007 Preferred equity offering	(2,050,000)	—	(2,050,000)	—
Preferred stock dividend requirements	(2,129,728)	(81,735)	(4,289,163)	(2,377,693)
Net loss applicable to common stock	\$ (3,206,117)	\$ (955,343)	\$ (8,039,438)	\$ (4,849,226)
Basic and diluted net loss per share	\$ (0.11)	\$ (0.03)	\$ (0.28)	\$ (0.17)
Weighted average shares of common stock outstanding	28,874,100	28,516,329	28,760,562	28,218,656

See accompanying notes to unaudited financial statements.

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

	Nine Months Ended September 30,	
	2007	2006
Cash flows from operating activities:		
Net loss	\$ (3,750,274)	\$ (2,471,533)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	12,017	13,580
Amortization of financing discount and issuance costs	126,722	132,243
Gain on vendor settlements and statutory write-off of payables	(2,857)	(70,000)
Gain on sale of intellectual property	—	(600,000)
Stock based compensation expense	485,243	538,564
Changes in operating assets and liabilities:		
Accounts receivable	88,183	(48,565)
Inventory	155,202	(360,039)
Prepaid expenses and other	(38,923)	(50,980)
Other assets	(51,787)	(397)
Accounts payable and accrued expenses	264,347	142,323
Net cash used by operating activities	<u>(2,712,127)</u>	<u>(2,774,804)</u>
Cash flow from investing activities:		
Capital expenditures	(6,405)	(4,868)
Proceeds for sale of intellectual property	—	600,000
Net cash provided by (used in) investing activities	<u>(6,405)</u>	<u>595,132</u>
Cash flow from financing activities:		
Net proceeds from issuance of common and preferred stock	3,577,500	2,484,244
Net proceeds from issuance of common stock from warrants	—	32,500
Net proceeds from issuance of common stock from employee options	13,101	7,680
Principal payments on financing agreements	(246,784)	(343,571)
Net cash provided by financing activities	<u>3,343,817</u>	<u>2,180,853</u>
Net change in cash and cash equivalents	625,285	1,181
Cash and cash equivalents, beginning of period	347,361	236,869
Cash and cash equivalents, end of period	<u>\$ 972,646</u>	<u>\$ 238,050</u>
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Conversions of notes payable into common stock	\$ —	\$ 396,667
Conversions of accrued interest into common stock	—	20,110
Preferred stock dividends accrued	239,163	243,428
Conversion of preferred shares into common stock	650	395,349
Conversion of accrued dividends into common stock	330,960	—

See accompanying notes to unaudited 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. Axcess' 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 2007 is predicated principally upon the successful marketing of its RFID. During the first nine months of 2007, operating activities utilized approximately \$2.7 million of cash. During the third quarter of 2007 the Company raised a net of \$1.9 million of additional working capital through a Preferred Stock offering. The shares are designated 2007. The Company issued 205 shares of convertible Preferred Stock bearing no dividend but convert to common stock on a one to ten thousand basis. The Company also issued one million twenty-five thousand warrants to purchase the Company's common stock exercisable for five years at \$2.00 per share. The offering included a company call provision if the closing twenty-day average stock price is over \$5.00 per share. This was in addition to the \$1.7 million of additional working capital raised in the first quarter of 2007 through a Preferred Stock offering. Those shares are designated 2006C. The Company issued 200 shares of convertible Preferred Stock bearing no dividend but convert to common stock on a one to ten thousand basis. The Company also issued one million warrants to purchase the Company's common stock exercisable for five years at \$2.00 per share. The offering included a company call provision if the closing twenty-day average stock price is over \$5.00 per share. However, even with the additional funding, the Company anticipates that its existing working capital resources and revenues from operations will not be adequate to satisfy its funding requirements in 2007. We are currently experiencing declining liquidity, losses from operations and negative 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.

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 60% 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 effect 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, 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 September 30, 2007 and for the three and nine months ended September 30, 2007 and 2006, 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, 2006 and for the year then ended included in our annual report on Form 10-KSB for the fiscal year ended December 31, 2006.

(d) Critical Accounting Policies and Estimates

Our most critical accounting policies, which are those that require significant judgment, include: allowance for doubtful accounts, inventory valuation, warranty costs, the valuation allowance for deferred tax assets, the value of components of equity and debt instruments and stock based compensation expense. In-depth descriptions of these can be found in our Annual Report on Form 10-KSB for the fiscal year ended December 31, 2006 (the "2006 Form 10-KSB"). There have been no material changes in our existing accounting policies from the disclosures included in our 2006 Form 10-KSB.

(e) Accounting for Uncertainty in Income Taxes

On January 1, 2007, we adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statements No. 109" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes by prescribing a two-step method of first evaluating whether a tax position has met a more likely than not recognition threshold and second, measuring that tax position to determine the amount of benefit to be recognized in the financial statements. FIN 48 provides guidance on the presentation of such positions within a classified statement of financial position as well as on derecognition, interest and penalties, accounting in interim periods, disclosure, and transition.

As a result of the implementation of FIN 48, we recognized no change in our recorded assets or liabilities for unrecognized income tax benefits. Based on our analysis of all material tax positions taken, management believes the technical merits of these positions are justified and expects that the full amount of the deductions taken and associated tax benefits will be allowed.

FIN 48 requires the evaluation of a tax position as a two-step process. We must determine whether it is more likely than not that a tax position will be sustained upon examination, including the resolution of any related appeals or litigation processes, based on the technical merits of the position. If the tax position meets the "more likely than not" recognition threshold, then the tax benefit is measured and recorded at the largest amount that is greater than 50 percent likely of being realized upon ultimate settlement. The re-assessment of our tax positions in accordance with FIN 48 did not result in any material change to our financial condition, results of operations or cash flows.

We have also assessed the classification of interest and penalties, if any, related to income tax matters. Pursuant to the application of FIN 48, we have made an accounting election to treat interest and penalties related to income tax matters, if any, as a component of income tax expense rather than other operating expenses.

(f) Inventory

Inventory is valued at the lower of cost or market using the first-in, first-out method. Inventory was comprised of the following:

	September 30, 2007	December 31, 2006
Raw materials	\$ 24,030	\$ 31,344
Work-in-process	114	114

Finished goods	216,959	364,847
	<u>\$ 241,103</u>	<u>\$ 396,305</u>

(g) Stock-Based Compensation

Adoption of SFAS 123R

Beginning January 1, 2006, the Company adopted the fair value recognition provisions of Statement of Financial Accounting Standards No. 123R, “Share-Based Payment” (“SFAS 123R”), using the modified prospective transition method. In addition, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 107 “Share-Based Payment” (SAB 107”) in March 2005, which provides supplemental SFAS 123R application guidance based in the views of the SEC. Under the modified prospective transition method, compensation cost includes: (a) compensation cost for all share-based payments granted prior to, but not yet vested as of January 1, 2006, based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123, and (b) compensation cost for all share-based payments granted beginning January 1, 2006, based on the grant date fair value estimated in accordance with the provisions of SFAS 123R.

Stock based compensation expense under SFAS 123R for the nine month period ended September 30, 2007 and 2006 was \$485,243 and \$538,564, respectively, which was recorded in operating expenses. 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 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. The expected option term was calculated using the “simplified” method permitted by SAB 107.

The following table illustrates the effect on operating expenses for the fair value recognition provisions of SFAS No. 123:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Research and development expense	\$ 43,937	\$ 32,424	\$ 123,485	\$ 110,514
General and administrative expense	93,077	93,728	279,777	324,162
Selling and marketing expense	23,787	37,139	81,981	103,888
Total	<u>\$ 160,801</u>	<u>\$ 163,291</u>	<u>\$ 485,243</u>	<u>\$ 538,564</u>

Stock Options as of the Nine Month Period Ended September 30, 2007

Under the Company’s 2005 Equity Incentive Plan, the Company may grant up to 5,000,000 shares of common stock to its employees, consultants or directors. 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. During the three months ended September 30, 2007, the Company issued 1,165,000 shares under this plan. We generally grant options once a year and they have various vesting requirements, typically vesting over a four year period.

The following table summarizes stock options outstanding and changes during the nine month period ended September 30, 2007:

	Outstanding Options			
	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Options outstanding at January 1, 2007	4,616,873	\$ 1.95		
Options granted	1,165,000	1.69		
Options exercised	(30,750)	0.43		
Options forfeited	(192,750)	1.50		
Options outstanding at September 30, 2007	<u>5,558,373</u>	1.87	6.67	\$2,105,800
Options exercisable at September 30, 2007	<u>3,346,096</u>	2.00	7.21	\$1,365,750

Options available for grants as of September 30, 2007	2,712,000
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The total intrinsic value, or the difference between the exercise price and the market price on the date of exercise, of all options exercised during the quarter ended September 30, 2007, was approximately \$8,473. Cash received from stock options exercised during the quarter ended September 30, 2007 was \$4,260. The Company did not realize any tax deductions related to the exercise of stock options during the quarter. The Company will record such deductions to additional paid in capital when realized. Shares available for grant under the Plan as of September 30, 2007 were 2,712,000.

Stock options outstanding and currently exercisable at September 30, 2007 are as follows:

Range of Exercise Price	<u>Options Outstanding</u>			<u>Options Exercisable</u>	
	Number Of Options	Weighted Average Remaining Contractual Term (in years)	Weighted Average Exercise Price	Number Of Options Exercisable	Weighted Average Exercise Price
\$0.00 - \$1.00	815,9000	5.98	\$0.50	855,500	\$0.40
\$1.01 - \$2.00	3,566,258	8.15	1.44	1,302,256	1.62
\$2.01 - \$3.00	714,375	2.56	2.66	719,000	2.66
\$3.01 - \$4.00	193,840	3.08	3.88	201,340	3.88
\$4.01 - \$5.00	20,000	3.67	4.55	20,000	4.55
\$5.01 - \$6.25	248,000	2.48	5.80	248,000	5.80
Total	5,558,373	6.67	1.75	3,346,096	2.00

Total estimated unrecognized compensation cost from unvested stock options as of September 30, 2007 was approximately \$3.3 million, which is expected to be recognized over a weighted average period of approximately 2.82 years.

We issued 1,165,000 options during the quarter ended September 30, 2007. The weighted averages per share fair value of stock options were \$1.50 per share. The fair value was estimated as of the grant date using the Black-Scholes option pricing model with the following assumptions:

	September 30, 2007
Volatility	110%
Expected option term	5 years
Risk-free interest rate	4.22%
Expected dividend yield	—

(h) Revenue Recognition

The Company's revenue transactions consist predominately of sales of products to customers. The Company follows the Securities and Exchange Commission (SEC) Staff Accounting Bulletin (SAB) No. 104 *Revenue Recognition* and Emerging Issues Task Force ("EITF") Issue 00-21 *Revenue Arrangements with Multiple Deliverables*. Specifically, the Company recognizes revenue when persuasive evidence of an arrangement exists, title and risk of loss have passed to the customer, generally upon shipment, the price is fixed or determinable and collect ability is reasonably assured. For those arrangements with multiple elements, or in related arrangements with the same customer, the arrangement is divided into separate units of accounting if certain criteria are met, including whether the delivered item has stand-alone value to the customer and whether there is objective and reliable evidence of the fair value of the undelivered items. The consideration received is allocated among the separate units of accounting based on their respective fair values, and the applicable revenue recognition criteria are applied to each of the separate units. In cases where there is objective and reliable evidence of the fair value of the undelivered item in an arrangement but no such evidence for the delivered item, the residual method is used to allocate the arrangement consideration. For units of accounting which include more than one deliverable, the Company generally recognizes all revenue and cost of revenue for the unit of accounting over the period in which the last undelivered item is delivered.

At the time revenue is recognized, the Company establishes an accrual for estimated warranty expenses associated with sales, recorded as a component of cost of revenues. The Company's customers and distributors generally do not have return rights.

We defer revenue for sales where we have not completed the earnings process in accordance with the applicable revenue recognition guidance. These deferred amounts are reflected as liabilities in our consolidated

financial statements as deferred revenue. Deferred revenue was \$40,356 as of September 30, 2007 and \$25,665 as of December 31, 2006.

(2) Contingencies

Access is engaged in a number of lawsuits with approximately five vendors who claim they are owed amounts from \$500 to \$45,000, which aggregates in total \$76,326. We are currently defending or seeking to settle each of the vendor's claims. At September 30, 2007, we had accrued the delinquent amounts we expect to be liable for, based on the claims described in this paragraph.

(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 2003B	Series 2004	Series 2005	Series 2006	Series 2006B	Series 2006C	Series 2007
Number of shares authorized	2,750,000	625,000	2,750,000	1,200,000	750,000	200	205
Stated value	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01
Number of shares issued and outstanding							
December 31, 2006	1,790,000	625,000	2,708,550	1,200,000	750,000	—	—
September 30, 2007	1,725,000	625,000	2,708,550	1,200,000	750,000	200	205
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 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
Liquidation preference	None	None	None	None	None	None	None
Dividend rights	7% per annum, cumulative	7% per annum, cumulative	None	None	None	None	None

(a) Series 2003B Preferred Stock

The Company completed a \$3,132,500 exempt Preferred Stock offering under the Securities Act of 1933 Section 4(6) private offering of preferred stock to accredited and institutional investors offering during the fourth

quarter of 2003. The Preferred Stock is designated as 2003B Preferred and each \$70,000 unit consisted of 40,000 shares of Preferred Stock bearing a 7% dividend, approximately 2,000 shares of common stock and 40,000 warrants to purchase the Company's common stock exercisable for two years at \$2.75 per share. The offering also included an automatic conversion into Common Stock on a one for one basis if the closing twenty-day average stock price is over \$3.75.

As of September 30, 2007, there were \$53,262 of dividends accrued for Series 2003B Preferred Stock. However, August 8, 2007, the Board elected to pay all accrued dividends with additional shares. Therefore, \$222,796 of accrued dividends were paid by issuing 148,530 shares of restricted Axxess common shares. Dividends payable were \$31,263 and \$93,717 for Series 2003B Preferred stock at September 30, 2007 and December 31, 2006, respectively. During the nine months ended September 30, 2007 we had six holders of the Series 2003B convert their 65,000 shares to common stock. As of September 30, 2007 and December 31, 2006, the Company had 1,725,000 and 1,790,000 shares of Series 2003B Preferred shares outstanding, respectively.

In connection with the issuance of the 2003B Preferred Stock, the Company recorded preferred stock dividend requirements of \$1,782,831 that will be reflected as preferred stock dividends as the underlying preferred stock converts to common stock. As of September 30, 2007 that amount is reflected in accumulated deficit on the balance sheet.

(b) *Series 2004 Preferred Stock*

During the second quarter of 2004 the Company raised a net of \$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 2004 Preferred and consisted of 625,000 shares of Preferred Stock bearing a 7% dividend and 357,142 warrants to purchase the Company's common stock exercisable for two years at \$3.20 per share. The offering also included an automatic conversion into Common Stock on a one for one basis if the closing twenty-day average stock price is over \$4.00.

As of September 30, 2007, there were \$26,466 of dividends accrued for Series 2004 Preferred Stock. However, August 8, 2007, the Board elected to pay all accrued dividends with additional shares. Therefore, \$108,164 of accrued dividends were paid by issuing 72,110 shares of restricted Axxess common shares. Dividends payable were \$15,534 and \$44,877 for Series 2004 Preferred stock at September 30, 2007 and December 31, 2006, respectively. As of September 30, 2007 and December 31, 2006, the Company had 625,000 shares of Series 2004 Preferred shares outstanding.

In connection with the issuance of the 2004 Preferred Stock, the Company recorded preferred stock dividend requirements of \$1,002,540 that will be reflected as preferred stock dividends as the underlying preferred stock converts to common stock. As of September 30, 2007 that amount is reflected in accumulated deficit on the balance sheet.

(c) *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.

A portion of the 2005 Preferred Equity Offering was the conversion of a convertible note with Amphion Innovations plc, an affiliate of the Amphion Group, our majority shareholder. The principal of the note converted was \$500,000 and accrued interest of \$4,521. Amphion also agreed to release its secured interest in Axxess' video patent portfolio.

The Company also recorded a preferred stock dividend of \$813,021 relating to the beneficial conversion feature and the warrants that were issued in connection with the 2005 Preferred Stock Equity closed during December 2005.

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.

The Company also recorded an additional preferred stock dividend of \$1,489,245 relating to the beneficial conversion feature and the warrants that were issued in connection with the 2005 Preferred Stock Equity closed during March 2006.

(d) 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.

The Company also recorded an additional preferred stock dividend of \$645,020 relating to the beneficial conversion feature and the warrants that were issued in connection with the 2006 Preferred Stock Equity closed during May 2006.

(e) 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.

The Company also recorded an additional preferred stock dividend of \$750,000 relating to the beneficial conversion feature and the warrants that were issued in connection with the 2006B Preferred Stock Equity closed during May 2006.

(f) 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 one to ten thousand 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.

The Company also recorded an additional preferred stock dividend of \$2,000,000 relating to the beneficial conversion feature and the warrants that were issued in connection with the 2006C Preferred Stock Equity closed during January 2007.

(g) Series 2007 Preferred Stock

On August 28, 2007, the Company raised \$1,400,000 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 140 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 700,000 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.

On September 28, 2007, the Company raised \$650,000 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 65 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 325,000 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.

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

The Company also recorded an additional preferred stock dividend of \$2,050,000 relating to the beneficial conversion feature and the warrants that were issued in connection with the 2007 Preferred Stock Equity closed during the quarter.

(4) Notes Payable

Access reached an Agreement to Amend Purchase Note and Payment Term with PV Proceeds Holdings, Inc. the holders of a \$4.0 million non-interest bearing note that was due December 31, 2002 and was in default. PV Proceeds 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 Access granted to PV Proceeds Holdings, Inc. a warrant to purchase up to 500,000 shares of common stock of Access. The warrants have an exercise price of \$2.00 per share and shall expire on the earlier of February 14, 2008 or forty-five days after the principal and all accrued interest are paid. Access has also agreed to reduce the principal amount due first for 10% of equity proceeds and second 20% of proceeds from options exercised. During the nine months ended September 30, 2007 we reduced the principal amount \$246,784.

Access also recorded deferred debt issuance costs of \$689,932 for the value of the warrants, which will be amortized over the life of the loan. The deferred debt issuance costs had an amortized value of \$42,241 and \$168,963 at September 30, 2007 and December 31, 2006, respectively.

(5) Significant Customers

During the three months ended September 30, 2007 the Company had three customers that accounted for 41% of revenue. During the three months ended September 30, 2006 the Company had three customers that combined accounted for 28% of product sales.

During the nine months ended September 30, 2007 we had one customer that accounted for 67% of the overall revenue. During the nine months ended September 30, 2006 we had one customer that accounted for 10% of the overall revenue.

(6) Recent Accounting Pronouncements

In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes (FIN 48), an interpretation of FASB Statements No. 109." FIN 48 clarifies the accounting for uncertainty in income taxes by prescribing a two-step method of first evaluating whether a tax position has met a more likely than not recognition threshold and second, measuring that tax position to determine the amount of benefit to be recognized in the financial statements. FIN 48 provides guidance on the presentation of such positions within a classified statement of financial position as well as on derecognition, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The adoption of this statement is not expected to have a material effect on the Company's future reported financial position or results of operations.

(7) Subsequent Event (unaudited)

Release of the Dot.

Item 2. Management's Discussion and Analysis or Plan of Operation.

Forward-Looking Statements

This quarterly report on Form 10-QSB 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 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 or Plan of Operation” of the Company’s 2006 Annual Report on Form 10-KSB.

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

Our auditors have included an explanatory paragraph in their audit opinion with respect to our consolidated financial statements at December 31, 2006. 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.

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.

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, short-term bridge loans from stockholders and more recently, preferred equity offerings and exercise of warrants, to meet our working capital requirements. At September 30, 2007, we had working capital deficit of \$3,166,477.

Our operations generated losses in 2006 and continue to generate losses in 2007. Our cash increased \$625,285 during the nine months ended September 30, 2007 with operating activities using \$2,712,127 of cash. We funded operations through cash from two equity offerings and payment of the Barbados contract. No assurance can be given that such activities will continue to be available to provide funding to us. Our business plan for 2007 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 2007.

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, losses from operations and negative 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.

2007 Preferred Equity

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 ten thousand (10,000) to one 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. 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 will use the proceeds for general working capital.

Sales and Marketing Initiatives

In the past our sales volume has not been sufficient to sustain our operations. During 2006 we continued to see broad-based awareness and acceptance of RFID on a world-wide basis. Our approach for 2007 has been:

1. We continue to focus on replicating our past success;
2. We continue to add integrators and partners to our sales channel;
3. We continue to improve our professional skill sets and resources to grow the business.

While there can be no assurance that our efforts will be successful, we believe that these accomplishments will assist us in our goal of becoming profitable.

Results of Operations

Three Months Ended September 30, 2007 Compared to Three Months Ended September 30, 2006

Sales and Gross Profit. Sales for the three months ended September 30, 2007 were \$281,656 and for the three months ended September 30, 2006 were \$369,621. Cost of sales for the three months ended September 30, 2007 were \$136,871 and for the three months ended September 30, 2006 were \$197,379. The gross profit for the three months ended September 30, 2007 was \$144,785 and \$172,242 for the three months ended September 30, 2006. **The increase in sales and gross margin is a result of the Barbados Contract awarded in January 2007.** We continue to expect our overall margin will continue to be stable in the 40% to 50% range.

Operating Expenses. Operating expenses were \$1,139,629 for the three months ended September 30, 2007 and \$986,199 for the three months ended September 30, 2006. The majority of the increase relates to the development of our next generation product and the increased selling expense related to the Barbados contract.

Research and development expenses were \$397,074 for the three months ended September 30, 2007 and \$245,888 for the three months ended September 30, 2006. The majority of the increase relates to the continued development of the next generation RFID product, Enterprise Dot. The remainder of the increase relates to increased headcount and contract labor expense.

Corporate general and administrative expenses were \$419,110 for the three months ended September 30, 2007 and \$444,010 for the three months ended September 30, 2006. The decrease is largely related to reduced broker fees, reduced general insurance expense and lower legal fees offset by an increase in investor relations activity.

Selling and marketing expenses were \$319,957 for the three months ended September 30, 2007 and \$291,838 for the three months ended September 30, 2006. The majority of the increase relates to increased selling expense relating to the Barbados contract, higher advertising and public relation activity. However, we were able to offset some of the increase with reduced travel and lower tradeshow expenses.

Depreciation and amortization expenses were \$3,488 for the three months ended September 30, 2007 and \$4,463 for the three months ended September 30, 2006. The decrease is a result of decreased depreciation expense as a result of the age of our equipment.

Other expenses, net. Other expenses, net, were \$81,545 for the three months ended September 30, 2007 and \$59,651 for the three months ended September 30, 2006. Interest expense was \$5,449 lower during the three months ended September 30, 2007, compared to the three months ended September 30, 2006, reflecting lower debt levels.

We also had a decrease of \$27,343 of recognized income during the three months ended September 30, 2007 compared to the same period in 2006, relating to the expiration of the statute of limitation on old trade payables.

Net Loss. Net loss was \$1,076,389 for the three months ended September 30, 2007, compared to a loss of \$873,608 for the three months ended September 30, 2006. The increase is mainly related an increase in expenses as we develop the Enterprise Dot, our next generation RFID product and an increase in selling expenses.

Preferred Stock dividend requirements. Preferred Stock dividend requirements were \$2,129,728 for three months ended September 30, 2007 and \$81,735 for three months ended September 30, 2006. During 2007 we expensed \$2,050,000 related to the 2007 preferred equity offering. Recurring preferred Stock dividend requirements were \$79,728 in 2007 and \$81,735 in 2006.

Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

Sales and Gross Profit. Sales for the nine months ended September 30, 2007 were \$2,963,437 and for the nine months ended September 30, 2006 were \$1,177,659. Cost of sales for the nine months ended September 30, 2007 were \$1,280,977 and for the nine months ended September 30, 2006 were \$661,224. The gross profit for the nine months ended September 30, 2007 was \$1,682,459 and \$516,435 for the nine months ended September 30, 2006. The increase in sales is a result of the Barbados Contract awarded in January 2007. We continue to expect the margin will continue to be stable in the 40% to 50% range now that the entire Barbados contract has been completed.

Operating Expenses. Operating expenses were \$5,212,543 for the nine months ended September 30, 2006 and \$3,388,366 for the nine months ended September 30, 2006. The majority of the increase relates to the development of our next generation product and the increased selling expense related to the Barbados contract.

Research and development expenses were \$2,691,499 for the nine months ended September 30, 2007 and \$1,109,476 for the nine months ended September 30, 2006. The largest portion of the increase relates to the continued development of the next generation RFID products. The remainder of the increase relates to increased salary and related expenses for additional headcount.

Corporate general and administrative expenses were \$1,277,294 for the nine months ended September 30, 2007 and \$1,409,115 for the nine months ended September 30, 2006. The decrease is largely related to reduced investor relation activities; stock based compensation expense and reduced salary expense offset by an increase in our legal expense relating to additional patent activity.

Selling and marketing expenses were \$1,231,734 for the nine months ended September 30, 2007 and \$856,195 for the nine months ended September 30, 2006. The majority of the increase relates to increased salary and related expenses as a result of improving the quality of our sales team and increased selling expense relating to the Barbados contract. However, we were able to offset some of the increase with reduced recruiting expense.

Depreciation and amortization expenses were \$12,016 for the nine months ended September 30, 2007 and \$13,580 for the nine months ended September 30, 2006. The decrease is related to lower depreciation expense as a result of the age of the equipment.

Other income (expenses), net. Other income (expenses), net, were (\$220,191) for the nine months ended September 30, 2007 and \$400,398 for the nine months ended September 30, 2006. Interest expense was \$23,638 lower during the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006, reflecting lower debt levels. We also recognized \$25,799 during the nine months ended September 30, 2007 relating to the expiration of the statute of limitations relating to accounts payables compared to \$70,028 during the same period of 2006. We also sold a portion of our video patent portfolio for \$600,000 during the nine months ended September 30, 2006.

Net Loss. Net loss was \$3,750,274 for the nine months ended September 30, 2007, compared to a loss of \$2,471,533 for the nine months ended September 30, 2006. The decrease is mainly related to the gross margin contribution of the Barbados contract offset by an increase in expenses as we develop the Enterprise Dot, our next generation RFID product and selling expense relating to the Barbados contract.

Preferred Stock dividend requirements. Preferred Stock dividend requirements were \$4,289,163 for the nine months ended September 30, 2007 and \$2,377,694 for the nine months ended September 30, 2006. During 2007, we expensed \$2,050,000 related to the 2007 Preferred equity offering and \$2,000,000 related to the 2006C Preferred equity offering compared to \$645,020 related to the 2006 preferred equity offering and \$1,489,245 related to the second close of the 2005 preferred equity during 2006. Recurring preferred Stock dividend requirements were \$239,163 in 2007 and \$243,428 in 2006.

Other

Inflation. Inflation has not had, and is not expected to have, a material impact on the operations and financial condition of the Company.

Item 3. 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 September 30, 2007. 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 effective and adequately designed to ensure that the information required to be disclosed by 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.

(b) Changes in Internal Controls

During the period ended September 30, 2007, 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 five vendors who claim they are owed amounts from \$500 to \$45,000, which aggregates in total \$76,326. We are currently defending or seeking to settle each of the vendor's claims. At September 30, 2007, we had accrued the delinquent amounts we expect to be liable for, for the claims described in this paragraph.

Item 2. Changes in Securities.

During the three months ended September 30, 2007, the Company issued unregistered securities in connection with the transactions described below. 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 September 30, 2007 we had three employees exercise 8,650 stock options.

On August 8, 2007 the Board elected to convert \$330,960 of accrued and unpaid dividends into 220,640 shares of restricted Access common stock.

Warrants

During the three months ended September 30, 2007 we had 70,000 warrants expire unexercised.

2007 Preferred Equity

In August and September 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 ten thousand (10,000) to one 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. 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 will use the proceeds for general working capital.

Item 3. Defaults Upon Senior Securities

None

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

None

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.

(b) Reports on Form 8-K:

<u>Date</u>	<u>Description</u>
10/3/07	On October 3, 2007, the Company announced an additional \$650,000 of additional working capital through the closing of the 2007 Preferred equity.

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.

AXCESS 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)

November ____, 2007

**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-QSB 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: November __, 2007

/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-QSB 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: November __, 2007

/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-QSB for the period ended September 30, 2007, 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: November __, 2007

**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 Inc. (the “*Company*”) on Form 10-QSB for the period ended September 30, 2007, 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: November __, 2007