
**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 September 30, 2009

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 proceeding 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 large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated file" 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 November 13, 2009: 33,640,593

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PART 1. FINANCIAL INFORMATION**Item 1. Financial Statements****AXCESS INTERNATIONAL INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)**

	September 30, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 80,833	\$ 51,392
Accounts receivable - trade, net of allowance for doubtful accounts of \$30,132 and \$27,424 for 2009 and 2008, respectively.	130,212	92,844
Inventory, net	74,874	142,782
Prepaid expenses and other	61,971	43,100
Total current assets	347,890	330,118
Property, plant and equipment, net	19,705	18,969
Deferred debt issuance costs	14,062	18,750
Other assets	45,737	53,062
Total assets	\$ 427,394	\$ 420,899
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable (includes \$2,891 and \$18,645 with related party in 2009 and 2008, respectively)	\$ 765,018	\$ 905,354
Accrued liabilities	385,106	502,566
Accrued interest	1,271,816	1,112,862
Deferred revenue	14,652	22,222
Notes payable (includes \$1,038,273 with a related party in 2009 and 2008)	1,200,273	1,200,273
Dividends payable	31,515	280,394
Total current liabilities	3,668,380	4,023,671
Notes payable (includes \$393,787 with a related party in 2009 and 2008), net of discount of \$0 and \$13,092 in 2009 and 2008, respectively	2,696,346	2,683,254
Total liabilities	6,364,726	6,706,925
Commitments and contingencies (Note 2)		
Stockholders' deficit:		
Convertible preferred stock, 10,000,000 shares authorized in 2009 and 2008. Without liquidation preferences; \$0.01 par value, 4,550,211 and 6,125,211 shares issued and outstanding in 2009 and 2008, respectively	45,502	61,252
Common stock, \$.01 par value, 70,000,000 shares authorized in 2009 and 2008; 33,642,593 shares issued and outstanding in 2009 and 31,204,931 shares issued and outstanding in 2008.	336,426	312,050
Additional paid-in capital	166,480,699	165,641,922
Accumulated deficit	(172,799,959)	(172,301,250)
Total stockholders' deficit	(5,937,332)	(6,286,026)
Total liabilities and stockholders' deficit	\$ 427,394	\$ 420,899

See accompanying notes to unaudited consolidated financial statements.

ACCESS INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Sales	\$ 213,164	\$ 511,190	\$ 4,452,681	\$ 1,175,022
Cost of sales	133,741	250,898	1,677,644	615,494
Gross profit	79,423	260,292	2,775,037	559,528
Expenses:				
Research and development	257,137	451,274	805,736	1,858,962
General and administrative	361,599	359,703	1,096,522	1,105,511
Selling and marketing	160,550	298,855	1,087,201	942,597
Depreciation and amortization	5,709	2,979	15,431	9,941
Operating expenses	784,995	1,112,811	3,004,890	3,917,011
Loss from operations	(705,572)	(852,519)	(229,853)	(3,357,483)
Other income (expense):				
Interest expense	(55,453)	(102,512)	(233,949)	(397,071)
Gain on vendor settlements	1,677	2,216	60,355	4,534
Other income (expense), net	(53,776)	(100,296)	(173,594)	(392,537)
Net loss	(759,348)	(952,815)	(403,447)	(3,750,020)
Preferred stock dividend requirements:				
Recurring	—	(39,883)	(95,263)	(188,430)
2008 Preferred equity offering	—	—	—	(558,686)
2008B Preferred equity offering	—	(171,984)	—	(171,984)
Preferred stock dividend requirements	—	(211,867)	(95,263)	(919,100)
Net loss applicable to common stock	\$ (759,348)	\$ (1,164,682)	\$ (498,710)	\$ (4,669,120)
Basic and diluted net loss per share	\$ (0.02)	\$ (0.04)	\$ (0.02)	\$ (0.16)
Weighted average shares of common stock outstanding	33,625,582	30,813,627	32,213,284	29,932,137

See accompanying notes to unaudited consolidated financial statements.

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

	Nine Months Ended September 30,	
	2009	2008
Cash flows from operating activities:		
Net loss	\$ (403,447)	\$ (3,750,020)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	15,431	9,941
Amortization of financing discount and issuance costs, net	17,780	7,153
Gain on vendor settlements and statutory write-off of payables	60,355	71
Warrants issued for services	—	(7,612)
Stock based compensation expense	446,046	547,655
Changes in operating assets and liabilities:		
Accounts receivable	(37,368)	61,298
Inventory	67,908	64,517
Prepaid expenses and other	(18,871)	17,020
Other assets	(443)	(9,571)
Accounts payable and accrued expenses	(109,551)	1,080,784
Net cash generated (used) by operating activities	<u>37,840</u>	<u>(1,978,764)</u>
Cash flow from investing activities:		
Capital expenditures	(8,399)	(22,170)
Net cash used by investing activities	<u>(8,399)</u>	<u>(22,170)</u>
Cash flow from financing activities:		
Net proceeds from issuance of common and preferred stock	—	1,519,998
Net proceeds from exercise of employee options	—	—
Principal payments on financing agreements	(160,000)	(100,000)
Borrowings on financing agreements	160,000	745,273
Net cash provided by financing activities	<u>—</u>	<u>2,165,271</u>
Net change in cash and cash equivalents	29,441	164,337
Cash and cash equivalents, beginning of period	51,392	59,089
Cash and cash equivalents, end of period	<u>\$ 80,833</u>	<u>\$ 223,426</u>
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Warrants issued as a debt discount	\$ 57,215	\$ 258,377
Accrued preferred stock dividends	95,263	188,430
Conversion of preferred shares into common stock	15,750	7,351
Conversion of accrued dividends into common stock	344,072	90,904

See accompanying notes to unaudited consolidated financial statements.

ACCESS 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 2009 is predicated principally upon the successful marketing of its RFID products. During the first nine months of 2009, operating activities generated approximately \$38,000 of cash. However, 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 2009. We are currently experiencing declining liquidity, modest profits from operations and modest 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. 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 52% 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, 2009 and for the three months and nine months ended September 30, 2009 and 2008, 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, 2008 and for the year then ended included in our annual report on Form 10-K for the fiscal year ended December 31, 2008.

(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 was comprised of the following at September 30, 2009 and December 31, 2008:

	September 30, 2009	December 31, 2008
Raw materials	\$ 35,934	\$ 24,275
Work-in-process	104	104
Finished goods	38,836	118,403
	<u>\$ 74,874</u>	<u>\$ 142,782</u>

The components of cost of sales are summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Product cost	\$ 133,741	\$ 245,625	\$ 1,666,285	\$ 580,222
Warranty expense	—	5,273	11,359	35,272
Total	<u>\$ 133,741</u>	<u>\$ 250,898</u>	<u>\$ 1,677,644</u>	<u>\$ 615,494</u>

(f) Stock-Based Compensation

ASC 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 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 under ASC 718 for the first nine months of 2009 and 2008 was \$446,046 and \$547,655, respectively which was recorded in operating expenses. This expense decreased net profit per share by \$0.014 for the first nine months of 2009 and increased the net loss per share by \$0.018 for the first nine months of 2008. 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 718 and Securities and Exchange Commission Staff Accounting Bulletin No. 107 (SAB 107). There were no issuances during the nine months ended September 30, 2009 or 2008.

The following table illustrates the effect on operating expenses:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Research and development expense	\$ 51,147	\$ 63,698	\$ 153,441	\$ 202,721
General and administrative expense	70,412	70,712	211,349	252,152
Selling and marketing expense	27,085	27,086	81,256	92,782
Total	\$ 148,644	\$ 161,496	\$ 446,046	\$ 547,655

(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. During the nine months ended September 30, 2009 the Company made no grants under the stock option plan.

With the shareholders approval of the 2005 Equity Incentive Plan, the Company will not issue anymore options under the Company's 2001 Equity Incentive Plan or the Directors Compensation Plan. As of September 30, 2009 the Company had 297,456 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 2,452,417 employee options outstanding from plans other than the 2005 Equity Incentive Plan.

The following table summarizes employee stock options outstanding and changes during the nine months ended September 30, 2009:

	Outstanding Options			
	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Options outstanding at December 31, 2008	5,392,973	\$ 1.87		
Options granted	—	—		
Options exercised	—	—		
Options forfeited	(938,556)	2.07		
Options outstanding at September 30, 2009	4,454,417	1.83	5.15	\$ 57,000
Options exercisable at September 30, 2009	4,255,292	1.76	5.39	\$ 85,500
Options available for grants as of September 30, 2009	2,998,000			

The options outstanding at September 30, 2009 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	720,000	4.07	\$ 57,000
\$1.01 - \$2.00	3,116,961	6.14	
\$2.01 - \$3.00	200,000	2.47	
\$3.01 - \$4.00	165,900	1.28	
\$4.01 - \$5.00	20,000	1.67	
\$5.01 - \$6.25	231,556	0.48	
Total	4,454,417	5.15	\$ 57,000

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 September 30, 2009:

	WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE
Warrants outstanding at beginning of year	9,952,956	\$ 1.64
Warrants issued	321,144	0.28

Warrants exercised	—	—
Warrants expired unexercised	—	—
Warrants outstanding at end of year	<u>10,274,100</u>	1.59

The warrants outstanding at September 30, 2009 have exercise prices as indicated in the table below.

<u>Strike Price</u>	<u>Number of Warrants</u>	<u>Weighted Average Remaining Life</u>
\$0.00 - \$1.00	551,138	4.51
\$1.01 - \$2.00	9,722,962	2.76
Total	<u>10,274,100</u>	<u>2.85</u>

During the nine months ended September 30, 2009 the Company issued an additional 321,144 warrants in conjunction with various debt agreements. The warrant price ranged from \$0.22 to \$0.51 and they expire between January 15, 2014 and April 30, 2014.

(h) Revenue Recognition

The Company's revenue transactions consist predominately of sales of products to customers. Accounting Standards Codification 605-25, (*Revenue Recognition – Multiple-Element Arrangements*. 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 \$14,652 as of September 30, 2009 and \$22,222 as of December 31, 2008.

(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.

However, Axxess is engaged in a number of lawsuits with approximately four vendors and one customer who claim they are owed amounts from \$500 to \$45,000, which aggregates in total \$75,676. We are currently defending or seeking to settle each of the vendor's and customer claims. At September 30, 2009, we had accrued the delinquent amounts we expect to be liable for, for the claims described in this paragraph.

On March 31, 2008, Axxess entered into an agreement with the developer of our next generation RFID product, the Dot, whereby Axxess 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 September 30, 2009 Axxess 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.

(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	Series 2008	Series 2008B
Number of shares authorized	2,750,000	625,000	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	\$ 0.01	\$ 0.01
Number of shares issued and outstanding									
Dec. 31, 2008	1,575,000	—	2,649,726	1,200,000	700,000	100	185	120	80
Sept. 30, 2009	—	—	2,649,726	1,200,000	700,000	100	185	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 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	None	None
Dividend rights	7% per annum, cumulative	7% per annum, cumulative	None	None	None	None	None	None	None

* As the quarter ended June 30, 2009 was a profitable quarter all the 2003B Preferred Stock was converted to common stock effective July 1, 2009 which resulted in the issuance of 1,565,000 common shares to the former 2003B preferred stock holders.

(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 or the Company has a profitable (EBITA) quarter.

During 2009, there were \$95,263 of dividends expensed for Series 2003B Preferred Stock. On May 1, 2009 the Board elected to pay all accrued dividends with additional shares. Therefore, \$342,230 of accrued dividends were paid by issuing 855,577 shares of restricted Access common shares. Dividends payable for the Series 2003B preferred stock were \$31,514 and \$280,394 at September 30, 2009 and December 31, 2008, respectively. During 2009, we had one holder of the Series 2003B convert their 10,000 shares to common stock. As a result of the second quarter 2009 being profitable all of the 2003B Preferred shares were automatically converted to common effective July 1, 2009 which resulted in 1,565,000 additional shares being issued. As of September 30, 2009 there were no 2003B Preferred shares outstanding and as of December 31, 2008 there were 1,575,000 shares of Series 2003B Preferred shares outstanding.

(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.

During 2008 we had one holder of the Series 2004 convert their 625,000 shares and dividends accrued to common stock leaving no shares and no dividends payable of series 2004 preferred shares outstanding as of December 31, 2008.

(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.

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 September 30, 2009 and December 31, 2008, the Company had 2,649,726 shares of Series 2005 Preferred shares outstanding, respectively.

(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.

As of September 30, 2009 and December 31, 2008, the Company had 1,200,000 shares of Series 2006 Preferred shares outstanding.

(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.

As of September 30, 2009 and December 31, 2008, the Company had 700,000 shares of Series 2006B Preferred shares outstanding.

(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 thousand (200,000) 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 September 30, 2009 and December 31, 2008, the Company had 100 shares of Series 2006C Preferred shares outstanding.

(g) 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.

As of September 30, 2009 and December 31, 2008, the Company had 185 shares of Series 2007 Preferred shares outstanding.

(h) 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 ten thousand (10,000) to one 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 September 30, 2009 and December 31, 2008 the Company had 120 shares of Series 2008 Preferred shares outstanding.

(i) 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 September 30, 2009 and December 31, 2008 the Company had 80 shares of Series 2008B Preferred shares outstanding.

(4) Notes Payable

PV Proceeds Holdings, Inc.

Axxess amended its Purchase Note and Payment Term with PV Proceeds Holdings, Inc. in December 2008. 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 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.

Access reached an Agreement with PV Proceeds Holdings, Inc. to extend the maturity of the note from December 31, 2007 to December 31, 2011. Access agreed to pay a \$25,000 extension fee and to increase the interest rate from 5.0% to 5.5%. Access 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 September 30, 2009 and December 31, 2008. As of September 30, 2009 and December 31, 2008 no payment has been issued in connection with the Series 2008 or 2008B Preferred Equity offerings.

Amphion Investment LLC

Access 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, Access reached an Agreement with Amphion Investments LLC to extend the maturity of the note to December 31, 2011. Access agreed to increase the interest rate from 5.0% to 5.5%. As of September 30, 2009 and December 31, 2008 the outstanding amount is \$393,787.

Convertible Note

On December 17, 2007 and through February 4, 2009, Access has entered into multiple convertible notes with Amphion Innovations plc. If within a specific time period Access completes an offering of any of its securities, and the aggregate proceeds to Access are at least \$1,000,000 ("Transaction") then Amphion would have had the option to convert these notes on the same terms as the completed offering. If the loans are not repaid or converted prior to their maturity date then Access shall issue to Amphion a warrant to purchase Access Common Shares at the closing price on the given date equivalent to ten percent (10%) of the outstanding amount (i.e. amount outstanding divided by closing stock price times 10%). If the amount is not repaid or converted prior to the next thirty days then Access will issue another warrant equal to an additional 10% and that will continue every thirty (30) days until Access has issued five warrants. These notes have been accounted for in accordance with ASC 815-40, *Derivatives and Hedges* and ASC 470-20, *Debt With Conversion and Other Features* (EITF 00-19: Accounting for Derivative Financial Instruments Indexed To, and Potentially Settled in a Company's Own Stock, EITF 05-2: The Meaning of Conventional Convertible Debt Instrument in 00-19, EITF 98-5: Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratio and EITF 00-27: Application of Issue No. 98-5 to Certain Convertible Instruments). As of September 30, 2009 the outstanding principal balance on all of the outstanding notes is \$1,038,273 and the Company has issued 877,377 (321,144 during the nine months ended September 30, 2009) warrants with strike prices that range from \$0.22 to \$0.51 with a weighted average of \$0.28 during the nine months ended September 30, 2009. The notes and balances as of September 30, 2009 are:

Date of Note	Balance as of September 30, 2009	Due Date (*)	Interest Rate
December 17, 2007	\$ 50,000	January 15, 2008	5.0%
January 14, 2008	150,000	February 15, 2008	5.0%
February 20, 2008	150,000	March 31, 2008	5.0%
February 28, 2008	60,000	March 31, 2008	5.0%
March 14, 2008	63,000	April 15, 2008	5.0%
March 25, 2008	55,000	April 30, 2008	5.0%
April 1, 2008	85,273	May 1, 2008	5.0%
April 7, 2008	22,000	May 15, 2008	5.0%
April 15, 2008	110,000	May 31, 2008	5.0%
July 30, 2008	50,000	August 31, 2008	5.0%
October 23, 2008	100,000	November 30, 2008	5.0%
November 26, 2008	31,000	December 31, 2008	5.0%
December 15, 2008	62,000	January 31, 2009	5.0%
December 30, 2008	50,000	January 31, 2009	5.0%
Total	\$ 1,038,273		

* - As of October 29, 2009, Access and Amphion have agreed to convert their convertible notes and accrued interest into new convertible notes.

As previously discussed, for all notes executed and detailed above, Amphion Innovations has the option to convert the notes payable under the same terms as a completed preferred offering occurring within a specified time period. At September 30, 2009, there were no notes that were still eligible to be converted.

The exercise price of the warrants range from \$0.22 to \$1.42 and expire five years from date of issuance. 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 (ranging from \$0.22 to \$1.42), the expected term (five years), the expected volatility of the Company's stock over the warrants expected term (ranging from 67% to 78%) and risk free interest rate (ranging from 2.11% to 4.27%).

(5) Significant Customers

During the three months ended September 30, 2009, the Company had three customers that accounted for 49% of revenue. During the three months ended September 30, 2008 the Company had three customers that accounted for 62% of revenue.

During the nine months ended September 30, 2009, the Company had one customer that accounted for 82% of revenue. During the nine months ended September 30, 2008 the Company had three customers that accounted for 49% of revenue.

(6) Recent Accounting Pronouncements

In June 2003, the Securities and Exchange Commission ("SEC") adopted final rules under Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404"), as amended by SEC Release No. 33-9072 on October 19, 2009. Commencing with its annual report for the year ending June 30, 2010, the Company will be required to include a report of management on its internal control over financial reporting. The internal control report must include a statement: A) of management's responsibility for establishing and maintaining adequate internal control over its financial reporting; B) of management's assessment of the effectiveness of its internal control over financial reporting as of year end; and C) of the framework used by management to evaluate the effectiveness of the Company's internal control over financial reporting. Furthermore, it is required to file the auditor's attestation report separately on the Company's internal control over financial reporting on whether it believes that the Company has maintained, in all material respects, effective internal control over financial reporting.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements ("SFAS No. 157"). The standard establishes a framework for measuring fair value in US GAAP, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. In February 2008, the FASB issued FASB Staff Position ("FSP") SFAS 157-2, Effective Date of FASB Statement No. 157. This FSP deferred the effective date of SFAS No. 157, for non-financial assets and liabilities that are not on a recurring basis recognized or disclosed at fair value in the financial statements, to fiscal years, and interim periods, beginning after November 15, 2008. We adopted SFAS No. 157 for non-financial assets and liabilities measured at fair value on a nonrecurring basis at January 1, 2009 and will continue to apply its provisions prospectively from January 1, 2009. The application of SFAS No. 157 for non-financial assets and liabilities did not have a significant impact on the Company's financial statements for the three and six months ended June 30, 2009. In April 2009, the FASB issued FSP FAS 157-4, which provides guidance on (1) estimating the fair value of an asset or liability (financial and nonfinancial) when the volume and level of activity for the asset or liability have significantly decreased and (2) identifying transactions that are not orderly. The FSP is effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The application of FSP FAS 157-4 did not have a significant impact on the Company's financial statements.

In May 2009, the FASB issued FASB Statement No. 165, *Subsequent Events* ("SFAS No. 165"). The statement establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but prior to the issuance of financial statements. The standard is based on the same principles as those that currently exist in the auditing standards. FAS No. 165 is effective for interim or annual reporting periods after June 15, 2009. The statement requires additional disclosure regarding the date through which subsequent events have been evaluated by the entity as well as, whether that date is the date the financial statements were issued. This statement became effective for the Company's financial statements as of June 30, 2009; see Note 7 "Subsequent Events."

In June 2009, the FASB issued SFAS No. 166, "Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140" ("SFAS No. 166"). SFAS No. 166: (i) removes the concept of a Qualifying Special Purpose Entity ("QSPE") from FASB No. 140 and eliminates the exception from applying FIN 46(R) to variable interest entities that are QSPEs, (ii) amends the accounting for transfers of financial assets and (iii) increases the related disclosures about transfers of financial assets. SFAS No. 166 applies to fiscal years beginning on or after November 15, 2009 and transfers that occurred both before and after its effective date. The Company will adopt

SFAS No. 166 on January 1, 2010, as required, and does not believe it will have a significant impact on its financial statements.

In June 2009, the FASB issued FASB Statement No. 167, *Amendments to FASB Interpretation No. 46 (R)* (“SFAS No. 167”), amending the consolidation guidance for variable-interest entities under FIN 46 (R). The amendments include: (1) the elimination of the exemption for qualifying special purpose entities, (2) a new approach for determining who should consolidate a variable-interest entity, and (3) changes to when it is necessary to reassess who should consolidate a variable-interest entity. This Statement is effective for financial statements issued for fiscal years periods beginning after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. The Company will adopt SFAS No. 167 on January 1, 2010, as required, and does not believe it will have a significant impact on its financial statements.

In June 2009, the FASB issued FASB Statement No. 168” The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162” That will become the source of authoritative U.S. generally accepted accounting principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (SEC) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. On the effective date of this Statement, the Codification will supersede all then-existing non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the Codification will become non-authoritative. This Statement is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Company will adopt this statement during the third quarter of 2009. The implementation of this standard will not have a material impact on our consolidated financial statements.

The third Staff Position, FSP FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* (“FSP FAS 107-1 and APB 28-1”) increases the frequency of fair value disclosures from annual only to quarterly. The FSP is effective for interim periods ending after June 15, 2009, with the option to early adopt for interim periods ending after March 15, 2009. FSP FAS 107-1 and APB 28-1 became effective for the Company’s financial statements as of June 30, 2009 and did not have a significant impact on the Company’s financial statements.

FASB issued FSP FAS 115-2 and FSP FAS 124-2, *Recognition and Presentation of Other Than Temporary Impairments*. FSP FAS 115-2 and FSP FAS 124-2 are effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009 and the Company decided to early adopt these two FSPs. Under these FSPs, the Company determines if it has (1) the intent to sell the Investment Securities, (2) it is more likely than not that it will be required to sell the securities before recovery, or (3) it does not expect to recover the entire amortized cost basis of the Investment Securities. Further, the security is analyzed for credit loss (the difference between the present value of cash flows expected to be collected and the amortized cost basis). The credit loss, if any, will then be recognized in the statement of earnings, while the balance of impairment related to other factors will be recognized in other income. The implementation of this standard is not expected to have an impact on the Company’s financial statements.

In October 2009, the FASB issued ASU No. 2009-13, “*Multiple Element Adjustments*”, which modifies accounting for multiple element arrangements by requiring that the separation of the arrangements be based on estimated selling prices based on entity specific assumptions rather than fair value, eliminating the residual method of allocation and requiring additional disclosures related to such arrangements. The standard is effective prospectively for arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. The Company is currently evaluating the impact of adopting ASU 2009-13.

Also in October 2009, the FASB issued ASU No. 2009-14, “*Certain Revenue Arrangements That Include Software Elements*”, which amends software revenue recognition guidance to eliminate from its scope tangible products containing software components that function together to deliver the tangible product’s essential functionality and to provide guidance on how to allocate arrangement consideration to deliverables in an arrangement that contain both tangible products and software. The standard is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. The Company is currently evaluating the impact of adopting ASU 2009-14.

(7) Subsequent Events

We have evaluated our subsequent events through November 13, 2009, which is the date of the Company's quarterly report on Form 10-Q, of which these financial statements are a part.

On October 29, 2009, Access 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 \$1,754,187 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 3,508,374 common shares of Access at the option of each of the holders. As part of the consideration for the Convertible Notes, Access also issued to the note holders warrants to purchase an aggregate of 1,754,187 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 \$80,914. Of the \$635,000 of net new cash, \$135,000 has been advanced and Amphion has agreed to fund the remaining \$500,000 on or before November 15, 2009. The \$500,000 of net new cash committed from Amphion has not been advanced. However, Amphion has reconfirmed that it intends to fund the \$500,000 before December 31, 2009 in \$100,000 increments. Access has also received commitments for an additional \$220,000 from additional investors who have also agreed to advance the cash no later than December 31, 2009.

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 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 2008 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, 2008. 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 September 30, 2009, we had a working capital deficit of \$3,320,490.

Our operations generated a loss in 2009. Our cash decreased \$29,441 during the nine months ended September 30, 2009. We funded operations with cash from operations and convertible notes. No assurance can be given that such activities will continue to be available to provide funding to us. Our business plan for 2009 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 2009.

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 September 30, 2009 Compared to Three Months Ended September 30, 2008

Sales and Gross Profit. Sales for the three months ended September 30, 2009 were \$213,164 and for the three months ended September 30, 2008 were \$511,190. Cost of sales for the three months ended September 30, 2009 were \$133,741 and for the three months ended September 30, 2008 were \$250,898. The gross profit for the three months ended September 30, 2009 was \$79,423 and \$260,292 for the three months ended September 30, 2008. The majority of the decrease in sales is a result of the timing of three large sales during the third quarter of 2008 that were not repeated during 2009. The gross margin percent for the three months ended September 30, 2009 was 37% compared to 51% for the same period in 2008. The lower gross margin percent was a result of the product mix change with more sales coming from tags which have a lower gross margin percent. We continue to expect the margin will continue to be stable in the 40% to 50% range.

Operating Expenses. Operating expenses were \$784,995 for the three months ended September 30, 2009 and \$1,112,811 for the three months ended September 30, 2008. Overall operating expenses were down over the period. The decrease relates to the timing of the development of our next generation product and the closing of our California office and lower selling expenses.

Research and development expenses were \$257,137 for the three months ended September 30, 2009 and \$451,274 for the three months ended September 30, 2008. The majority of the decrease relates to the closing of our California location and the timing of the development of the next generation RFID product.

Corporate general and administrative expenses were \$361,599 for the three months ended September 30, 2009 and \$359,703 for the three months ended September 30, 2008. The expenses are basically flat between the two periods.

Selling and marketing expenses were \$160,550 for the three months ended September 30, 2009 and \$298,855 for the three months ended September 30, 2008. The majority of the decrease relates to lower salaries as a result of reduced headcount in the selling and marketing area, reduction in travel expenses, fewer trade shows and reduced advertising expenses.

Depreciation and amortization expenses were \$5,709 for the three months ended September 30, 2009 and \$2,979 for the three months ended September 30, 2008. The increase is related to increase equipment that has been purchased for the development of our new product.

Other expenses, net. Other expenses, net, were \$53,776 for the three months ended September 30, 2009 and \$100,296 for the three months ended September 30, 2008. Interest expense was \$47,059 lower during the three months ended September 30, 2009, compared to the three months ended September 30, 2008, reflecting lower expense associated with warrants that were issued with the convertible notes.

Net loss. Net loss was \$759,348 for the three months ended September 30, 2009, compared to a loss of \$952,815 for the three months ended September 30, 2008. The decrease is mainly related to a decrease in research and development relating to the next generation product development, lower interest expense and lower selling expenses and an decrease in gross margin due to lower sales.

Preferred Stock dividend requirements. Preferred Stock dividend requirements were \$0 for three months ended September 30, 2009 and \$39,883 for three months ended September 30, 2008. This decrease is a result of the 2003B Preferred shares being converted to common on July 1, 2009.

Nine Months Ended September 30, 2009 Compared to Nine Months Ended September 30, 2008

Sales and Gross Profit. Sales for the nine months ended September 30, 2009 were \$4,452,681 and for the nine months ended September 30, 2008 were \$1,175,022. Cost of sales for the nine months ended September 30, 2009 were \$1,677,644 and for the nine months ended September 30, 2008 were \$615,494. The gross profit for the nine months ended September 30, 2009 was \$2,775,037 and \$559,528 for the nine months ended September 30, 2008. The majority of the increase in sales is a result of the Trinidad Contract awarded in January 2009. The gross margin percent for the nine months ended September 30, 2009 was 62% compared to 48% for the same period in 2008. The higher gross margin percent was a result of the Trinidad contract. We continue to expect our overall margin will continue to be stable in the 40% to 50% range.

Operating Expenses. Operating expenses were \$3,004,890 for the nine months ended September 30, 2009 and \$3,917,011 for the nine months ended September 30, 2008. The majority of the decrease relates to the timing of the development of our next generation product, lower expenses relating to the closing of the California office and increased selling expenses as a result of the Trinidad contract.

Research and development expenses were \$805,736 for the nine months ended September 30, 2009 and \$1,858,962 for the nine months ended September 30, 2008. The majority of the decrease relates to the timing of the development of the next generation RFID product and reduced expenses due to the closure of our California office.

Corporate general and administrative expenses were \$1,096,522 for the nine months ended September 30, 2009 and \$1,105,511 for the nine months ended September 30, 2008. The decrease is related to reduced investor relation expenses, lower stock compensation expense, lower salary expense due to lower headcount and lower advisory fees. Offset by higher legal expense and higher lease expense.

Selling and marketing expenses were \$1,087,201 for the nine months ended September 30, 2009 and \$942,597 for the nine months ended September 30, 2008. The majority of the increase relates to increased selling expense relating to the Trinidad contract. Offset by lower salary expense due to a headcount reduction and lower advertising and tradeshow expenses.

Depreciation and amortization expenses were \$15,431 for the nine months ended September 30, 2009 and \$9,941 for the nine months ended September 30, 2008. The increase is a result of additional equipment purchased and used for the production of the new Dot product.

Other expenses, net. Other expenses, net, were \$173,594 for the nine months ended September 30, 2009 and \$392,537 for the nine months ended September 30, 2008. Interest expense was \$163,122 lower during the nine months ended September 30, 2009, compared to the nine months ended September 30, 2008, reflecting the lower expense associated with the warrants that were issued with the convertible notes. The gain on vendor settlements was also increased by \$55,821.

Net Loss. Net loss was \$403,447 for the nine months ended September 30, 2009, compared to \$3,750,020 for the nine months ended September 30, 2008. The decrease is mainly related to a decrease in research and development relating to the next generation product development and an increase in gross margin mainly relating to the Trinidad Contract.

Preferred Stock dividend requirements. Preferred Stock dividend requirements were \$95,263 for nine months ended September 30, 2009 and \$919,100 for nine months ended September 30, 2008. During 2008 we expensed \$558,686 related to the 2008 Preferred equity offering and \$171,984 related to the 2003B preferred equity

offering. Recurring preferred Stock dividend requirements were \$95,263 and \$188,430 in 2009 and 2008, respectively.

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 September 30, 2009. 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 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 September 30, 2009. 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 2009. 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 September 30, 2009, 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

Axcess is engaged in a number of lawsuits with approximately four vendors and one customer who claim they are owed amounts from \$500 to \$45,000, which aggregates in total \$75,676. We are currently defending or seeking to settle each of the vendor's and customer claims. At September 30, 2009, we had accrued the delinquent amounts we expect to be liable for, for the claims described in this paragraph.

Item 1A. Risk Factors

Not required

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

During the three months ended September 30, 2009, 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

On May 1, 2009 the Board elected to pay all accrued dividends with additional shares. Therefore, \$342,230 of accrued dividends were paid by issuing 855,577 shares of restricted Axxess common shares.

On July 1, 2009, as a result of the profitable quarter ended June 30, 2009, all the 2003B Preferred Stock was converted to common stock, which resulted in the issuance of 1,565,000 common shares to the former 2003B preferred stock holders. The actual stock certificates representing the common stock will be issued by the Company through its transfer agent during the third quarter.

Stock Options

During the three months ended September 30, 2009 the Company had 463,875 stock options expire unexercised. The options strike price ranged from \$2.50 to \$2.69.

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.
99.1	November 13, 2009 Axxess International Reports Third quarter 2009 earning results

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)

November 13, 2009

**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: November 13, 2009

/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: November 13, 2009

/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 September 30, 2009, 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 13, 2009

**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 September 30, 2009, 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 13, 2009

Dallas – November 13, 2009 – Axxess International Inc., (OTCBB: AXSI) a leading provider of wireless credential systems for business activity monitoring and control, today reported results for the third quarter ending September 30, 2009.

Highlights for the Third Quarter Ended September 30, 2009

- Third Quarter 2009 Revenue of \$.2MM down \$2.9MM over Second Quarter 2009
- Year To Date 2009 Revenue of \$4.4MM up \$3.3MM versus Year To Date 2008 due to large international order completed in June 2009
- Record revenue forecasted for CY 2009 based on port contract total of [\\$3.54MM](#)
- Year To Date loss of \$0.8MM, or \$0.02 per share for Q3 2009
- Gross margin percentage of 62% Year To Date 2009
- In 3Q 2009, an entry level Wireless Credential product bundle was introduced into the new security market distribution channel for greater sales leverage
- In 3Q 2009, Axxess Announced it has become a Marketing Partner and Licensee of Genuine HID proximity access control technology to be the first to provide standard access control and advanced workforce applications in a single credential
- Axxess' Patented MicroWireless technology continues to demonstrate competitive advantages and opportunities for future innovations

“As we highlighted last quarter, our 2009 financials continue to be dominated by our Caribbean [Port Security Initiative](#),” said Allan Griebenow, president and CEO of Axxess. Mr. Griebenow further stated, “Following a second successful implementation on the world stage last spring, we are working to further replicate our physical infrastructure security wins in the U.S., in the region, and farther abroad. In the quarter, we took steps to position our Dot™ [Wireless Credential](#) line for sale through traditional physical security market channels where it is unique in providing multiple advanced workforce management application solutions in and around business facilities. We implemented an entry level product bundle so integrators can more easily buy our solution through security distributors. We became a marketing partner of HID, and successfully licensed and embedded their worldwide dominant proximity access control technology into our Wireless Credential to provide the world's first single card solution for both access and advanced internal applications. Our plan now is to build our integrator sales channel for greater sales leverage. We are well positioned for growth in 2010 as we continue to focus on making our wireless credential the world's next generation business credential.”

Corporate and Industry Developments

Axxess' systems for business and government use specialized MicroWireless technology to wirelessly enable “things” for real-time business activity monitoring, automation and control solutions. The systems directly increase productivity, security and safety and offer short term ROIs in virtually all industries.

Axxess transforms common manual identification products into wireless devices capable of automated identification, tracking and sensing. As an example, Axxess transforms manual access control badges into wireless personnel credentials for advanced workforce management, safety and security. These include applications such as high speed access control, internal security tracking, emergency evacuation management, automatic asset protection and visitor tracking for security and compliance reporting. Systems are also used for contractor time and attendance data collection, safety tracking and compliance reporting, as well as workforce time and motion data collection for business process improvement and business intelligence initiatives.

The Port contract won and implemented early in the year was successfully completed, and Axxess has been credited for its role in successfully securing the facility and the 34 heads of state participating in the [Fifth Summit of the Americas](#) April conference in Trinidad. Systems include visitor and vehicle tracking, emergency evacuation accounting, internal zonal security, wireless WMD sensing, various security scanners and other equipment designed to enhance security solutions and resources. The Company continues to work toward replicating its successes at additional ports, airports and other critical infrastructure facilities worldwide.

To leverage its success in Wireless Credential applications the Company introduced its Dot™ Wireless Credential product into the security distribution sales channel as a bundled system so existing proximity access control systems can be easily expanded into advanced workforce management solutions for improving security, safety, compliance reporting and efficiency. Wireless Credentials provide businesses visibility into the location and status of their labor and assets inside their operations.

Wireless Credentials have proven to provide near immediate return on investment for customers as part of the rapidly growing \$9 billion worldwide market for access control systems. Axxess announced in the quarter it has entered into a license agreement with [HID Global](#) to use HID proximity technology in the Axxess' Dot™ Wireless Credential product. Axxess' Dot™ Wireless Credential encompasses local location identification, tracking and control capabilities. HID proximity technology is recognized as the industry standard for low frequency physical access control. By combining HID Global's strength in secure credentialing with Axxess' solutions, a single secure credential can be used to cost-effectively and conveniently solve additional business problems throughout an enterprise.

Axxess' Dot™ Wireless Credential product is designed to enable existing proximity access control systems to be expanded easily beyond the front door into advanced workforce management solutions inside for improving security, safety, compliance reporting and efficiency. Wireless Credentials provide businesses real time visibility into the location and status of their labor and assets inside their operation. Wireless Credentials also enable numerous applications that have proven to provide near immediate returns for customers across multiple industry segments. Axxess is authorized to use HID technology and applicable patents in its Wireless Credentials under the Genuine HID Technology™ program.

MicroWireless communications has 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, devices or tags commonly called [Dots](#)™ 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 is supported by a strong intellectual property foundation of patents and filings. The Company believes this portfolio will continue to open up 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.

Third Quarter and First Nine Months of 2009 Financial Results

Revenue was \$213,164 for the three months ended September 30, 2009 compared to \$511,190 for the three months ended September 30, 2008. Revenue for the Nine months of 2009 was \$4,452,681 compared to \$1,175,022 for the same period in 2008. The increase in sales is a result of the Trinidad Contract awarded in January 2009. Add-on sales that are considered by the Company to represent a form of recurring revenue was 73% of total sales in the third quarter 2009 and 41% for the nine months of 2009.

Gross margin was 37% or \$79,423 in the third quarter 2009 as compared to 51% or \$260,292 in the 2008 period, and 62% or \$2,775,037 in the nine months of 2009 as compared to 48% or \$559,528 in the nine months of 2008. The year to date increase in gross margin was due to a change in product mix as a result of the Trinidad Contract awarded in January 2009.

Research & Development (R&D) expenses for the third quarter totaled \$257,137, compared to \$451,274 in the prior year period and \$805,736 for the nine months of 2009, compared to \$1,858,962 for the nine months of 2008. The decrease in R&D is due to the timing of the development of the next generation RFID product which we continue to expense as it is incurred.

Selling, Marketing, General and Administrative (S, M, G & A) expenses for the third quarter totaled \$522,149, as compared to \$658,558 in the prior year period and \$2,183,723 for the nine months of 2009, as compared to \$2,048,108 for the nine months of 2008. The majority of the increase relates to an increased selling expense relating to the Trinidad contract.

Other expenses for the third quarter of 2009 totaled \$53,776, as compared to \$100,296 for the prior year period in 2008 and \$173,594 for the nine months of 2009 compared to \$392,537 for the nine months of 2008. The majority of the decrease relates to the decreased interest expense recorded in connection with the issuance of warrants to the convertible notes issued during 2008.

Net loss for the third quarter of 2009 was \$759,348 as compared to \$952,815 in the prior year period and \$403,447 for the nine months of 2009 as compared to \$3,750,020 in the nine months of 2008. The decrease in the net loss is mainly related to the increased margin contribution of the Trinidad contract, lower research and development expenses and lower interest expense.

Recurring preferred stock dividend requirements for the third quarter of 2009 was \$0 and \$39,883 for 2008 and \$95,263 for the nine months of 2009 and \$188,430 for the nine months of 2008. Axxess also recorded a one-time dividend of \$558,686 and \$171,984 for the preferred stocks issued during the nine months of 2008.

Net loss applicable to common stock for the 2009 third quarter was \$759,348, or \$0.02 per share, compared to a loss of \$1,164,682 or \$0.04 per share, for the third quarter of 2008 and \$498,710 or \$0.02 per share for the nine months of 2009 compared to \$4,669,120 or \$0.16 per share for the same period in 2008.

Conference Call

In conjunction with the earnings release, Axxess invites you to listen to its conference call Friday, November 13, 2008 at 12:00 p.m. (Eastern). To participate in the call, domestic callers can dial (888) 713-4213 and international callers can dial (617) 213-4865 and enter the reservation code "95282225." 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 "56556313." 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 wireless business activity monitoring solutions including its intelligent *Wireless Credentials* for business encompassing local location identification, tracking 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. Real-time data from labor activities also enable previously unattainable business intelligence and analytics initiatives. MicroWireless – based on *active RFID* principles – is the economic and technological sweet spot for autonomously-powered low cost, miniature, remote communication devices. Axxess is a portfolio company of [Amphion Innovations plc](#) (AIM: AMP). Additional information on Axxess is available on the Company's Web site at www.axcessinc.com.

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<p>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</p>
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(tables to follow)

Source: Axxess International, Inc.

AXCESS INTERNATIONAL INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 80,833	\$ 51,392
Accounts receivable - trade, net of allowance for doubtful accounts of \$30,132 and \$27,424 for 2009 and 2008, respectively.	130,212	92,844
Inventory, net	74,874	142,782
Prepaid expenses and other	61,971	43,100
Total current assets	347,890	330,118
Property, plant and equipment, net	19,705	18,969
Deferred debt issuance costs	14,062	18,750
Other assets	45,737	53,062
Total assets	<u>\$ 427,394</u>	<u>\$ 420,899</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable (includes \$2,891 and \$18,645 with related party in 2009 and 2008, respectively)	\$ 765,018	\$ 905,354
Accrued liabilities	385,106	502,566
Accrued interest	1,271,816	1,112,862
Deferred revenue	14,652	22,222
Notes payable (includes \$1,038,273 with a related party in 2009 and 2008)	1,200,273	1,200,273
Dividends payable	31,515	280,394
Total current liabilities	3,668,380	4,023,671
Notes payable (includes \$393,787 with a related party in 2009 and 2008), net of discount of \$0 and \$13,092 in 2009 and 2008, respectively	2,696,346	2,683,254
Total liabilities	6,364,726	6,706,925
Commitments and contingencies		
Stockholders' deficit:		
Convertible preferred stock, 10,000,000 shares authorized in 2009 and 2008. Without liquidation preferences; \$0.01 par value, 4,550,211 and 6,125,211 shares issued and outstanding in 2009 and 2008, respectively	45,502	61,252
Common stock, \$.01 par value, 70,000,000 shares authorized in 2009 and 2008; 33,642,593 shares issued and outstanding in 2009 and 31,204,931 shares issued and outstanding in 2008.	336,426	312,050
Additional paid-in capital	166,480,699	165,641,922
Accumulated deficit	(172,799,959)	(172,301,250)
Total stockholders' deficit	(5,937,332)	(6,286,026)
Total liabilities and stockholders' deficit	<u>\$ 427,394</u>	<u>\$ 420,899</u>

ACCESS INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF OPERATION
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Sales	\$ 213,164	\$ 511,190	\$ 4,452,681	\$ 1,175,022
Cost of sales	133,741	250,898	1,677,644	615,494
Gross profit	79,423	260,292	2,775,037	559,528
Expenses:				
Research and development	257,137	451,274	805,736	1,858,962
General and administrative	361,599	359,703	1,096,522	1,105,511
Selling and marketing	160,550	298,855	1,087,201	942,597
Depreciation and amortization	5,709	2,979	15,431	9,941
Operating expenses	784,995	1,112,811	3,004,890	3,917,011
Loss from operations	(705,572)	(852,519)	(229,853)	(3,357,483)
Other income (expense):				
Interest expense	(55,453)	(102,512)	(233,949)	(397,071)
Gain on vendor settlements	1,677	2,216	60,355	4,534
Other income (expense), net	(53,776)	(100,296)	(173,594)	(392,537)
Net loss	(759,348)	(952,815)	(403,447)	(3,750,020)
Preferred stock dividend requirements:				
Recurring	—	(39,883)	(95,263)	(188,430)
2008 Preferred equity offering	—	—	—	(558,686)
2008B Preferred equity offering	—	(171,984)	—	(171,984)
Preferred stock dividend requirements	—	(211,867)	(95,263)	(919,100)
Net loss applicable to common stock	\$ (759,348)	\$ (1,164,682)	\$ (498,710)	\$ (4,669,120)
Basic and diluted net loss per share	\$ (0.02)	\$ (0.04)	\$ (0.02)	\$ (0.16)
Weighted average shares of common stock outstanding	33,625,582	30,813,627	32,213,284	29,932,137