

AXIAL VECTOR ENGINE CORP
Form 8-K
October 02, 2007

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

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

Date of Report (Date of earliest event reported): September 24, 2007

AXIAL VECTOR ENGINE CORPORATION
(Exact name of registrant as specified in its charter)

<u>Nevada</u> (State or other jurisdiction of incorporation)	<u>000-49698</u> (Commission File Number)	<u>98-0353007</u> (I.R.S. Employer Identification No.)
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<u>One World Trade Center, 121 SW Salmon Street, Portland, Oregon</u> (Address of principal executive offices)	<u>97204</u> (Zip Code)
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Registrant's telephone number, including area code: (503) 471-1348

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

SECTION 1 -- REGISTRANT'S BUSINESS AND OPERATIONS

Item 1.01. Entry into a Material Definitive Agreement

The Company entered into a joint venture agreement with Eastcom Ltd., a U.K. company, to perform internal combustion engine manufacturing and sales in Europe and the Middle East. This relates to the Axial Gas Cam Engine, patent pending (notice of allowance previously issued by the USPTO). The agreement requires Eastcom Ltd to pay the Company an advance royalty of \$500,000 in relation to a per unit royalty fee of 20% of the gross sales for each manufactured engine completed by Eastcom Ltd. Eastcom is also required to begin final assembly of the internal combustion engines within 120 days from the date of the contract. The Company anticipates that Eastcom Ltd. will complete no less than 200 engines during the initial period of the 20 year term of the contract.

SECTION 2 - FINANCIAL INFORMATION

None

SECTION 3 - SECURITIES AND TRADING MARKETS

None

SECTION 4 - MATTERS RELATED TO ACCOUNTANTS AND FINANCIAL STATEMENTS

None.

SECTION 5 - CORPORATE GOVERNANCE AND MANAGEMENT

None

SECTION 6 - RESERVED

None

SECTION 7 - REGULATION FD

None

SECTION 8 - OTHER EVENTS

None

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SECTION 9 - FINANCIAL STATEMENTS AND EXHIBITS

None

10.1 Memorandum of Understanding

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 hereunto duly authorized.

Axial Vector Engine Corporation

/s/ Samuel Higgins
Samuel Higgins
Chief Executive Officer

Date: October 2, 2007