UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2018

or

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

For the transition period from __________________ to __________________

Commission File Number: 001-37902

MOXIAN, INC.

(Exact name of registrant as specified in its charter)

Nevada	27-3729742
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Units B&C, 9/F, Block D, Fuhua Tower,
8 Chaoyangmen North Street, Dongcheng District, Beijing 100027, China
(Address of Principal Executive Offices)

Tel: +86 (010) 5332-0602
Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐
Non-accelerated filer ☒ Smaller reporting company ☒
Emerging growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of February 9, 2019, the registrant had 67,357,202 shares of common stock, par value $.001 per share, issued and outstanding.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MOXIAN, INC.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	As of			
	December 31, 2018		September 30, 2018	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$	303,962	$	129,737
Restricted cash		-		170,000
Total current assets		303,962		299,737
		-		
TOTAL ASSETS	$	303,962	$	299.737
LIABILITIES AND STOCKHOLDERS' DEFICIENCY				
CURRENT LIABILITIES				
Accruals and other payables	$	3,381,152	$	3.381.152
Loan payable – Related Parties		5,989,371		5.989,371
Loans payable – Other		1,310,772		1,310,772
Total current liabilities		10,681,295		10,681,295
Commitments and contingencies				
STOCKHOLDERS' DEFICIENCY				
Preferred stock, $0.001 par value, authorized: 100,000,000 shares. Nil shares issued and outstanding		-		-
Common stock, $0.001 par value, authorized: 250,000,000 shares. 67,357,222 shares issued and outstanding as of December 31, 2018 and September 30, 2018, respectively		67,357		67,357
Additional paid-in capital		36,483,440		36,483,440
Accumulated deficiency		(47,276,882)		(47,277,960)
Accumulated other comprehensive income		348,752		345,605
Total stockholders' deficiency		(10,377,333)		(10,381,558)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	$	303.962	$	299,737

See accompanying notes to unaudited condensed consolidated financial statements

MOXIAN, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	For Three Months Ended December 31, 2018	2017
Revenues	$ 144,515	$ 61,086
Cost of revenues	-	(10,067)
Gross Profit	144,515	51,019
Depreciation and amortization	-	200,372
Research and development	-	263,554
Selling, general and administrative	143,437	1,482,842
Loss from operations	1,078	(1,895,749)
Other income, net	-	16,466
Gain/(Loss) before income tax	1,078	(1,879,283)
Income tax expense	-	-
Net gain/(loss)	1,078	(1,879,283)
Other comprehensive loss		
Foreign currency translation adjustments	3,147	(89,310)
Comprehensive gain/(loss)	$ 4,225	$ (1,968,593)
Basic and diluted loss per common share	$ (0.00)	$ (0.03)
Basic and diluted weighted average common shares outstanding	67,357,202	67,007,199

See accompanying notes to unaudited condensed consolidated financial statements

MOXIAN, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For Three Months Ended December 31, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net gain/(loss)	$ 1,078	$ (1,879,283)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	-	200,372
Bad debt provision	-	21,398
(Gain)/Loss on disposition of property and equipment		78
Changes in operating assets and liabilities:		
Restricted cash		
Inventories	-	2.977
Prepayments, deposits and other receivables	-	33.316
Accruals and other payables	-	298,924
Net cash used in operating activities	1078	(1,322,218)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	-	
Net cash used in investing activities	-	
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from related party loans	-	1,165,370
Repayment of related party loans	-	(110,973)
Gross proceeds from IPO – stock issuance	-	
IPO proceeds released from an indemnification escrow, restricted cash	170,000	330,000
Direct costs disbursed from IPO proceeds	-	
Net cash provided by financing activities	170,000	1,384,397
Effect of exchange rates on cash and cash equivalents	3,147	3,088
Net increase in cash and cash equivalents	174.225	65,267
Cash and cash equivalents, beginning of period	129,737	18,494
Cash and cash equivalents, end of period	$ 303,962	$ 83,761

See accompanying notes to unaudited condensed consolidated financial statements

MOXIAN, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and nature of operations

Moxian, Inc. (formerly known as Moxian China, Inc., hereinafter referred as "Moxian," together with its subsidiaries and variable interest entity, the "Company"), was incorporated under the laws of the State of Nevada on October 12, 2010. The Company, through its subsidiaries and variable interest entity, engages in the business of operating a social network platform that integrates social media and business into one single platform. The Company is currently devoting its efforts to develop a mobile application and online platform that facilitate the small to medium size businesses to attract more clients. The Company's ability to generate sufficient funds to meet its working capital requirements is dependent upon its ability to develop additional sources of capital, develop apps and websites, generate servicing income, and ultimately, achieve profitable operations (see Note 2).

On February 17, 2014, the Company incorporated Moxian CN Group Limited ("Moxian CN Samoa") under the laws of Samoa.

On February 21, 2014, Moxian acquired Moxian Group Limited ("Moxian BVI"), together with its subsidiaries, Moxian (Hong Kong) Limted ("Moxian HK"), Moxian Technology (Shenzhen) Co., Ltd. ("Moxian Shenzhen"), and Moxian Malaysia Sdn. Bhd.("Moxian Malaysia") through our wholly owned subsidiary, Moxian CN Samoa from Rebel Group, Inc. ("REBL"), a company incorporated in the State of Florida and of which our previous Chief Executive Officer, Tan Meng Dong, is a promoter as the term is defined under Rule 405 of Regulation C promulgated under the Securities Act, by entering into a License and Acquisition Agreement (the "License and Acquisition Agreement") in consideration of $1,000,000 ("Moxian BVI Purchase Price"). As a result, Moxian BVI, together with its subsidiaries, Moxian HK, Moxian Shenzhen, and Moxian Malaysia, became the Company's subsidiaries. Under the License and Acquisition Agreement, REBL also agreed to grant us the exclusive right to use REBL's intellectual property rights (collectively, the "IP Rights") in Mainland China, Malaysia, and other countries and regions where REBL conducts its business (the "Licensed Territory"), and the exclusive right to solicit, promote, distribute and sell REBL products and services in the Licensed Territory for five years (the "License,") and in consideration of such License, the Company agreed to pay to REBL (i) $1,000,000 as license maintenance royalty each year commencing on the first anniversary of the date of the License Agreement; and (ii) 3% of the gross profits resulting from the distribution and sale of the products and services on behalf of the Company as an earned royalty.

Moxian BVI was incorporated on July 3, 2012 under the laws of British Virgin Islands. REBL owned 100% equity interests of Moxian BVI prior to the closing of the License and Acquisition Agreement, among the Company, Moxian BVI and REBL.

Moxian HK was incorporated on January 18, 2013 and became Moxian BVI's subsidiary on February 14, 2013. Moxian HK is currently engaged in the business of online social media. Moxian HK operates through two wholly owned subsidiaries: Moxian Shenzhen and Moxian Malaysia.

Moxian Shenzhen is wholly owned by Moxian HK. Moxian Shenzhen was incorporated on April 8, 2013 and is engaged in the business of internet technology, computer software, commercial information consulting.

Moxian Malaysia was incorporated on March 1, 2013 and became Moxian HK's subsidiary since April 2, 2013. Moxian Malaysia was previously in the business of IT services and media advertising but have ceased operations since June 2015.

Shenzhen Moyi Technologies Co., Ltd. ("Moyi") was incorporated on July 19, 2013 under the laws of the People's Republic of China and became a variable interest entity ("VIE") of Moxian Shenzhen on July 15, 2014. Moxian Shenzhen controls Moyi through arrangement that absorbs operations risk, as if Moyi is a wholly owned subsidiary of Moxian Shenzhen.

On December 18, 2017, the Company entered into a Tripartite Agreement with the original shareholders of Moyi and the new shareholders of Moyi wherein the Company agrees to the transfer of the equity interests of Moyi and all related rights, liabilities and obligations under the Moyi Agreements such that the new shareholders stand in place of the old shareholders in all aspects of the Moyi Agreements.

Moxian Technologies (Beijing) Co., Ltd. (”Moxian Beijing”) was incorporated on December 10, 2015 under the laws of the People’s Republic of China and is a wholly owned subsidiary of Moxian Shenzhen. Moxian Shenzhen made an investment of RMB 10 million (approximately USD $1.5 million) to Moxian Beijing during the year ended September 30, 2017.

On January 30, 2015, the Company entered into an Equity Transfer Agreement (the “Equity Transfer Agreement,” such transaction, the “Equity Transfer Transaction”) with REBL, to acquire from REBL 100% of the equity interests of Moxian Intellectual Property Limited, a company incorporated under the laws of Samoa and a wholly owned subsidiary of REBL (“Moxian IP Samoa”) for $6,782,000 (the “Moxian IP Samoa Purchase Price”) (see Note 9). Moxian IP Samoa owns all the intellectual property rights relating to the operation, use and marketing of the Moxian Platform, including all of the trademarks, patents and copyrights that are used in the Company’s business. As a result of the Equity Transfer Transaction, Moxian IP Samoa became a wholly owned subsidiary of the Company.

As of September 30, 2018. only Moxian Shenzhen, Moyi and Moxian Beijing have business operations. The other companies are all dormant.

On November 14, 2016, the Company announced the completion of a public offering of 2,501,250 shares of its common stock at a public offering price of $4.00 per share. The gross proceeds from the offering were approximately $10,005,000 before deducting placement agents' commissions and other offering expenses, resulting in net proceeds of approximately $8.5 million. In connection with the offering, the Company's common stock began trading on the NASDAQ Capital Market beginning on November 15, 2016 under the symbol "MOXC".

On January 30, 2018, a wholly-owned subsidiary of Moxian Shenzhen, Moxian Information Technologies (Shanghai) Co. Ltd. (“Moxian Shanghai”) was incorporated under the laws of the People’s Republic of China.

2. Summary of principal accounting policies

Basis of presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”) and reflect the activities of the following subsidiaries and VIE: Moxian CN Samoa, Moxian BVI, Moxian HK, Moxian Shenzhen, Moxian Malaysia, Moyi, Moxian Beijing, Moxian Shanghai and Moxian IP Samoa. All intercompany transactions and balances have been eliminated in the consolidation.

The unaudited interim condensed consolidated financial information as of December 31, 2018 and for the three months ended December 31, 2018 and 2017 have been prepared, pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Certain information and footnote disclosures, which are normally included in annual consolidated financial statements prepared in accordance with U.S. GAAP, have been omitted pursuant to those rules and regulations. The unaudited interim condensed consolidated financial information should be read in conjunction with the consolidated financial statements and the notes thereto, included in the Company’s Form 10-K for the fiscal year ended September 30, 2018, previously filed with the SEC on January 15, 2019.

2. Summary of principal accounting policies (Continued)

In the opinion of management, all adjustments (which include normal recurring adjustments) necessary to present a fair statement of the Company's unaudited condensed consolidated financial position as of December 31, 2018 and its unaudited condensed consolidated results of operations for three months ended December 31, 2018 and 2017, and its unaudited condensed consolidated cash flows for the three months ended December 31, 2018 and 2017, as applicable, have been made. The interim results of operations are not necessarily indicative of the operating results for the full fiscal year or any future periods.

The following assets and liabilities of the VIE are included in the accompanying consolidated financial statements of the Company as of December 31, 2018 and September 30, 2018:

	December 31, 2018	September 30, 2018
Current assets	$	$
Non-current assets	-	-
Total assets	$	$
Current liabilities	$ 2,043,779	$ 2,043,779
Non-current liabilities	-	-
Total liabilities	$ 2,043,779	$ 2,043,779

Reclassification

Certain prior period amounts have been reclassified to conform to the current period presentation.

Going Concern

In assessing the Company's liquidity and its ability to continue as a going concern, the Company monitors and analyzes its cash and cash equivalents and its operating and capital expenditure commitments. The Company's liquidity needs are to meet its working capital requirements, operating expenses and capital expenditure obligations. As of December 31, 2018, the Company's current liabilities exceeded the current assets by approximately $10 million, its accumulated deficit was approximately $47.3 million and the Company has incurred losses since inception.

On November 10, 2017, the Company and Ms. Liu Shu Juan, a director of the Company, entered into a convertible loan agreement of $1,000,000 or its RMB equivalent. Pursuant to the loan agreement, the Company issued an unsecured convertible promissory note, carrying an interest rate of 4.75% per annum and due in one year. On May 8, 2018, Liu converted the total outstanding of $1,008,068 into 350,023 shares of the Company's common stock at a price of $2.88 per share. The conversion price was calculated using the price of daily volume weighted average price per share for the 20 consecutive business days prior to the conversion.

On May 11, 2018, the Company and Ms. Liu entered into a loan agreement for a line of credit of $4,000,000 or its RMB equivalent, bearing interest of 4.75% per annum and due in two years. As of December 31, 2018, the line has been fully drawn down and the total outstanding to Ms. Liu is $ 5,032,760. This amount exceeded the agreed loan of $4,000,000 and is not covered by any agreement.

If the Company is unable to obtain the necessary additional capital on a timely basis and on acceptable terms, it will be unable to implement its current plans for expansion, repay debt obligations or respond to competitive pressures.

Any of these factors would have a material adverse effect on its business, prospects, financial condition and results of operations and raise substantial doubts about the ability of the Company to continue as a going concern. The consolidated financial statements for the period ended December 31, 2018 and September 30, 2018 have been prepared on a going concern basis and do not include any adjustments to reflect the possible future effects on the recoverability and classifications of assets or the amounts and classifications of liabilities that may result from the inability of the Company to continue as a going concern.

2. Summary of principal accounting policies (Continued)

Risks and Uncertainties

The Company's operations are substantially carried out in the People's Republic of China ("PRC"). Accordingly, the Company's business, financial condition and results of operations may be substantially influenced by the political, economic and legal environments in the PRC, and by the general state of the PRC's economy. The Company's operations in the PRC are subject to specific considerations and significant risks not typically associated with companies in North America and Western Europe. These include risks associated with, among others, the political, economic and legal environments and foreign currency exchange. The Company's results may be adversely affected by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things.

Fair value of financial instruments

The Company follows the provisions of Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures." ASC 820 clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

Level 1-Observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.

Level 2-Inputs other than quoted prices that are observable for the asset or liability in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3-Inputs are unobservable inputs which reflect management's assumptions based on the best available information.

The carrying value of cash and cash equivalents, restricted cash, prepayments, deposits and other receivables, Value added tax recoverable, accruals and other payables, loans from related parties and stock subscription payable approximate their fair values because of the short-term nature of these instruments.

Use of estimates

The preparation of the unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the accompanying unaudited condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates required to be made by management include but not limited to, useful lives of property and equipment, intangible assets valuation, inventory valuation and deferred tax assets. Actual results could differ from those estimates.

Restricted cash

Restricted cash represents cash held in an indemnification escrow account pursuant to the financing agreement signed with the placement agents.

Under the terms of the placement agreement, $500,000 in cash funded an escrow account for a period of two years after the completion of the IPO; this amount was recorded as restricted cash, long-term as of September 30, 2018. On

November 9, 2017, $330,000 was released from this escrow account. On January 2, 2019, the remaining $170,000 was released from this escrow account with the approval of the placement agents and the escrow agents.

2. Summary of principal accounting policies (Continued)

Property and Equipment, net

Property and equipment are recorded at cost less accumulated depreciation and impairment. Significant additions or improvements extending useful lives of assets are capitalized. Maintenance and repairs are charged to expense as incurred. Depreciation and amortization are computed using the straight-line method over the estimated useful lives as follows:

Electronic equipment	3-6 years
Furniture and fixtures	3-6 years
Leasehold improvements	Shorter of estimated useful life or term of lease

Impairment of long-lived assets

The Company classifies its long-lived assets into: (i) computer and office equipment; (ii) furniture and fixtures, (iii) leasehold improvements, and (iv) finite – lived intangible assets.

Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be fully recoverable. It is possible that these assets could become impaired as a result of technology, economy or other industry changes. If circumstances require a long-lived asset or asset group to be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques, including discounted cash flow models, relief from royalty income approach, quoted market values and third-party independent appraisals, as considered necessary.

The Company makes various assumptions and estimates regarding estimated future cash flows and other factors in determining the fair values of the respective assets. The assumptions and estimates used to determine future values and remaining useful lives of long-lived assets are complex and subjective. They can be affected by various factors, including external factors such as industry and economic trends, and internal factors such as the Company’s business strategy and its forecasts for specific market expansion.

Due to the continuing losses from operations with minimal revenues, the Company recorded a valuation reserve against its remaining intangible assets in 2018.

2. Summary of principal accounting policies (Continued)

Revenue recognition

The Company currently recognizes revenue from the sale of merchandise through its online platforms. Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable, and collectability is reasonably assured. Revenue is recorded on a gross basis, net of surcharges and value added tax ("VAT"). The Company recorded revenue on a gross basis because the Company has the following indicators for gross reporting: it is the primary obligor of the sales arrangements, is subject to inventory risks of physical loss, has latitude in establishing prices, has discretion in suppliers' selection and assumes credit risks on receivables from customers.

Revenue from advertising is recognized as advertisements are displayed. Revenue from software development services comprises revenue from time and material and fixed price contracts. Revenue from time and material contracts are recognized as related services are performed. Revenue on fixed price contracts is recognized in accordance with percentage of completion method of accounting.

Income taxes

The Company utilizes ASC Topic 740 (“ASC 740”) “Income taxes”, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the unaudited condensed consolidated financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

ASC 740 “Income taxes” clarifies the accounting for uncertainty in tax positions. This interpretation requires that an entity recognizes in the unaudited condensed consolidated financial statements the impact of a tax position, if that position is more likely than not of being sustained upon examination, based on the technical merits of the position. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company has elected to classify interest and penalties related to unrecognized tax benefits, if and when required, as part of income tax expense in the unaudited consolidated statements of operations and comprehensive losses. The Company evaluates the level of authority for each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measure the unrecognized benefits associated with the tax positions. As of December 31, 2018 and September 30, 2018 , the Company did not have any unrecognized tax benefits. The Company does not anticipate any significant increase to its liability for unrecognized tax benefit within the next 12 months.

As of December 31, 2018, the tax years ended December 31, 2011 through December 31, 2017 for the Company’s PRC entities remain open for statutory examination by the PRC tax authorities.

Foreign currency transactions and translation

The reporting currency of the Company is United States Dollars (the "USD") and the functional currency of Moxian Shenzhen, Moyi and Moxian Beijing is Renminbi (the "RMB") as China is the primary economic environment in which they operate, the functional currency of Moxian HK is Hong Kong Dollar (the "HKD"), and the functional currency of Moxian Malaysia is Malaysia Ringgit (the "RM").

2. Summary of principal accounting policies (Continued)

Foreign currency transactions and translation (continued)

For financial reporting purposes, the financial statements of Moxian Shenzhen, Moyi, Moxian Beijing, Moxian HK and Moxian Malaysia, which are prepared using their respective functional currencies, are translated into the reporting currency, USD, so to be consolidated with the Company's. Monetary assets and liabilities denominated in currencies other than the reporting currency are translated into the reporting currency at the rates of exchange ruling at the balance sheet date. Revenues and expenses are translated using average rates prevailing during the reporting period. Adjustments resulting from the translation are recorded as a separate component of accumulated other comprehensive income (loss) in stockholders' equity (deficiency). Transaction gains and losses are recognized in the unaudited consolidated condensed statements of operations and comprehensive loss.

The exchange rates applied are as follows:

Balance sheet items, except for equity accounts	December 31, 2018	September 30, 2018
RMB:USD	6.8686	6.8686
HKD:USD	7.8309	7.8259
RM:USD	4.1300	4.1370

Items in the unaudited condensed consolidated statements of operations and comprehensive loss, and unaudited condensed consolidated statements of cash flows

	Three Months Ended December 31,	
	2018	2017
RMB:USD	6.9165	6.6133
HKD:USD	7.7503	7.8081
RM:USD	4.1710	4.1591

Research and Development

Research and development expenses include payroll, employee benefits, stock-based compensation expense, and other related expenses associated with product development. Research and development expenses also include third-party development, programming costs, and localization costs incurred to translate software for local markets. Such costs related to software development are included in research and development expense until the point that technological feasibility is reached. Once technological feasibility is reached, such costs are capitalized and amortized as part of the cost of revenue over the estimated lives of the product.

2. Summary of principal accounting policies (Continued)

Recent accounting pronouncements

On October 2, 2017, The FASB has issued Accounting Standards Update (ASU) No. 2017-13, "Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606), Leases (Topic 840), and Leases (Topic 842): Amendments to SEC Paragraphs Pursuant to the Staff Announcement at the July 20, 2017 EITF Meeting and Rescission of Prior SEC Staff Announcements and Observer Comments." The ASU adds SEC paragraphs to the new revenue and leases sections of the Codification on the announcement the SEC Observer made at the 20 July 2017 Emerging Issues Task Force (EITF) meeting. The SEC Observer said that the SEC staff would not object if entities that are considered public business entities only because their financial statements or financial information is required to be included in another entity's SEC filing use the effective dates for private companies when they adopt ASC 606, Revenue from Contracts with Customers, and ASC 842, Leases. This would include entities whose financial statements are included in another entity's SEC filing because they are significant acquirees under Rule 3-05 of Regulation S-X, significant equity method investees under Rule 3-09 of Regulation S-X and equity method investees whose summarized financial information is included in a registrant's financial statement notes under Rule 4-08(g) of Regulation S-X. The ASU also supersedes certain SEC paragraphs in the Codification related to previous SEC staff announcements and moves other paragraphs, upon adoption of ASC 606 or ASC 842. The Company does not expect that the adoption of this guidance will have a material impact on its unaudited condensed consolidated financial statements.

On November 22, 2017, the FASB ASU No. 2017-14, "Income Statement—Reporting Comprehensive Income (Topic 220), Revenue Recognition (Topic 605), and Revenue from Contracts with Customers (Topic 606): Amendments to SEC Paragraphs Pursuant to Staff Accounting Bulletin No. 116 and SEC Release 33-10403." The ASU amends various paragraphs in ASC 220, Income Statement — Reporting Comprehensive Income; ASC 605, Revenue Recognition; and ASC 606, Revenue From Contracts With Customers, that contain SEC guidance. The amendments include superseding ASC 605-10-S25-1 (SAB Topic 13) as a result of SEC Staff Accounting Bulletin No. 116 and adding ASC 606-10-S25-1 as a result of SEC Release No. 33-10403. The Company does not expect that the adoption of this guidance will have a material impact on its unaudited condensed consolidated financial statements.

In February 2018, the FASB issued ASU No. 2018-02, "Reclassification of Certain Tax Effects From Accumulated Other Comprehensive Income." The ASU amends ASC 220, *Income Statement — Reporting Comprehensive Income* , to "allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act." In addition, under the ASU, an entity will be required to provide certain disclosures regarding stranded tax effects. The ASU is effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. The Company does not expect that the adoption of this guidance will have a material impact on its unaudited condensed consolidated financial statements.

In March 2018, the FASB issued ASU 2018-05 — Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118 ("ASU 2018-05"), which amends the FASB Accounting Standards Codification and XBRL Taxonomy based on the Tax Cuts and Jobs Act (the "Act") that was signed into law on December 22, 2017 and Staff Accounting Bulletin No. 118 ("SAB 118") that was released by the Securities and Exchange Commission. The Act changes numerous provisions that impact U.S. corporate tax rates, business-related exclusions, and deductions and credits and may additionally have international tax consequences for many companies that operate internationally. The Company does not believe this guidance will have a material impact on its unaudited condensed consolidated financial statements.

In July 2018, the FASB issued ASU 2018-10, "Codification Improvements to Topic 842, Leases." The ASU addresses 16 separate issues which include, for example, a correction to a cross reference regarding residual value guarantees, a clarification regarding rates implicit in lease contracts, and a consolidation of the requirements about lease classification reassessments. The guidance also addresses lessor reassessments of lease terms and purchase options, variable lease payments that depend on an index or a rate, investment tax credits, lease terms and purchase options, transition guidance for amounts previously recognized in business combinations, and certain transition adjustments, among others. For entities that early adopted Topic 842, the amendments are effective upon issuance of this Update, and the transition requirements are the same as those in Topic 842. For entities that have not adopted Topic 842, the effective date and transition requirements will be the same as the effective date and transition requirements in Topic 842. The Company does not believe this guidance will have a material impact on its unaudited condensed consolidated financial statements.

In July 2018, the FASB issued ASU 2018-11 - Leases (Topic 842): Targeted Improvements. The ASU simplifies transition requirements and, for lessors, provides a practical expedient for the separation of nonlease components from lease components. Specifically, the ASU provides: (1) an optional transition method that entities can use when adopting ASC 842 and (2) a practical expedient that permits lessors to not separate nonlease components from the associated lease component if certain conditions are met. For entities that have not adopted Topic 842 before the issuance of this Update, the effective date and transition requirements for the amendments in this Update are the same as the effective date and transition requirements in Update 2016-02. For entities that have adopted Topic 842 before the issuance of this Update, the transition and effective date of the amendments in this Update are as follows: 1) The practical expedient may be elected either in the first reporting period following the issuance of this Update or at the original effective date of Topic 842 for that entity. 2) The practical expedient may be applied either retrospectively or prospectively. All entities, including early adopters, that elect the practical expedient related to separating components of a contract in this Update must apply the expedient, by class of underlying asset, to all existing lease transactions that qualify for the expedient at the date elected. The Company does not believe this guidance will have a material impact on its unaudited condensed consolidated financial statements.

3. Prepayments, deposits and other receivables, net

	December 31, 2018	September 30, 2018
Prepayments to suppliers	$ 567,934	$ 567,934
Rental and other deposits	341,674	341,674
Employee advances and others	32,240	32,240
Sub total	941,848	941,848
Less: allowance for doubtful accounts	(941,848)	(941.848)
Prepayments, deposits and other receivables, net	$ -	$ -

The bad debt provision for the three months ended December 31, 2018 and 2016 was $Nil and $21,398, respectively.

4. Property and equipment, net

	December 31, 2018	September 30, 2018
Electronic equipment	$ 2,319,545	$ 2,319,545
Furniture and fixtures	70,596	70,596
Leasehold improvements	263,609	263,609
Total property and equipment	2,653,750	2,653,750
Less: Accumulated depreciation and amortization	(2,653,750)	(2,653,750)
Total property and equipment, net	$ -	$ -

5. Intangible assets

	December 31, 2018	September 30, 2018
IP rights	$ 1,410,335	$ 1,410,335
Other intangible assets	394,883	394,883
	1,805,218	$ 1,805,218
Less: accumulated amortization	(1,805,218)	(1,805,218)
Net intangible assets	$ -	$ -

Due to continuing losses from operations, the Company impaired the remaining intangible assets in 2017, hence there were no amortization expenses for the ensuing periods.

6. Accruals and other payables

	December 31, 2018	September 30, 2018
Salary payable	$ 403,926	$ 403,926
Advances from customers	-	
Other tax payable		
Accrued expenses	2,691,684	2,691.684
Other payables	285,482	285,482
Total	$ 3,381,152	$ 3,381,152

7. Loan payable, other

On May 15, 2017, the Company and Shenzhen Bayi Consulting Co. Ltd. ("Bayi") entered into a line of credit agreement. Pursuant to the agreement, Bayi agreed to provide a line of credit in the maximum amount of $3 million to the Company on an as needed basis to support the Company's working capital. Any withdrawal from this line is non-interest bearing and shall be repaid on demand and before the maturity date of the line of credit. The maturity date of the unsecured line of credit is May 15, 2018 but has been extended indefinitely. As of December 31, 2018 and September 30, 2018, the loan payable balance to Bayi was $1,310,772.

8. Related party transactions and balances

The table below sets forth the entities that are regarded as related parties for the three months ended December 31, 2018 and September 30, 2018.

Name	Relationship with the Company
Beijing Xinhua Huifeng Equity Investment Center Limited Partnership ("Xinhua")	A Shareholder of the Company
Hao Qing Hu	Chief Executive Officer and Director of the Company
Vertical Venture Capital Group Limited	A below 5% shareholder of the Company
Liu Shu Juan	A less than 1% Shareholder of the Company, Ex-Director and Legal Representative of Shanghai Shewn Wine Co. Ltd.

Details of loans payable (receivable) – related parties are as follows:

Loan payable (receivable)	December 31, 2018	September 30, 2018
Vertical Venture Capital Group Limited	$ 979,907	$ 979,907
Liu Shu Juan	5,032,760	5,032,760
Xinhua	(23,296)	(23,296)
	5,989,371	5,989,371

8. Related party transactions and balances (Continued)

Liu Shu Juan

On November 10, 2017, the Company and Ms. Liu Shu Juan, a director of the Company, entered into a convertible loan agreement of $1,000,000 or its RMB equivalent. Pursuant to the loan agreement, the Company issued an unsecured convertible promissory note, carrying an interest rate of 4.75% per annum and due in one year. On May 8, 2018, Liu converted the total outstanding of $1,008,068 into 350,023 shares of the Company's common stock at a price of $2.88 per share. The conversion price was calculated using the price of daily volume weighted average price per share for the 20 consecutive business days prior to the conversion.

On May 11, 2018, the Company and Ms. Liu entered into a loan agreement for a line of credit of $4,000,000 or its RMB equivalent, bearing interest of 4.75% per annum and due in two years. As of December 31, 2018 and September 30, 2018, the line has been fully drawn down and the total outstanding due to Ms. Liu is $5,032,760. This amount exceeded the agreed loan of $4,000,000 and is not covered by any agreement.

Bayi

	2018		2017	
	Borrowings	**Repayments**	**Borrowings**	**Repayments**
Moxian Shenzhen	-	-	$3,928,164 (RMB26,764,695)	$3,328,102 (RMB 22,676,148)
Moyi	-	-	$96,866 (RMB 660,000)	$96,866 (RMB 660,000)
Moxian HK	-	-	$190,233 (HKD 1,479,990)	-

As of December 31, 2018 and September 30, 2018, the loan payable balance to Bayi was $1,310,772. Bayi was no longer a related party of the Company since Bayi is no longer a shareholder of the Company. As a result, the loan payable to Bayi was recorded separately on the Company's consolidated balance sheets (see Note 7).

Vertical Venture

	2018		2017	
	Borrowings	**Repayments**	**Borrowings**	**Repayments**
Moxian HK	$4,976 (HKD 38,945)	-	$552,298 (HKD 4,296,810)	$1,335,990 (HKD10,393,844)
Moxian SZ	-	-	$987,739 (RMB 6,730,000)	-

As of December 31. 2018 and September 30, 2018 , the loan payable balance to Vertical Venture was $ 979,907.

9. Income taxes

The Company and its subsidiaries file separate income tax returns.

The United States of America

Moxian is incorporated in the State of Nevada in the U.S. and is subject to U.S. federal corporate income taxes. The State of Nevada does not impose any state corporate income tax. As of December 31, 2018, future net operation losses of approximately $8.9 million are available to offset future operating income through 2036.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "Act") was signed into law making significant changes to the Internal Revenue Code. Changes include, but are not limited to, a U.S. corporate tax rate decrease from 35% to 21% effective for tax years beginning after December 31, 2017, the transition of U.S international taxation from a worldwide tax system to a territorial system, and a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017. As the Company has a September 30 fiscal year-end, the lower corporate income tax rate will be phased in, resulting in a U.S. statutory federal rate of approximately 24.5% for our fiscal year ending September 30, 2018, and 21% for subsequent fiscal years. Accordingly, we have to remeasure our deferred tax assets on net operating loss carryforward in the U.S at the lower enacted cooperated tax rate of 21%. However, this remeasurement has no effect on the Company's income tax expenses as the Company has provided a 100% valuation allowance on its deferred tax assets previously.

Additionally, the Tax Act imposes a one-time transition tax on deemed repatriation of historical earnings of foreign subsidiaries, and future foreign earnings are subject to U.S. taxation. The change in rate has caused us to remeasure all U.S. deferred income tax assets and liabilities for temporary differences and NOL carryforwards and recorded one time income tax payable to be paid in 8 years. However, this one-time transition tax has no effect on the Company's income tax expenses as the Company has no undistributed foreign earnings prior to December 31, 2017, as the Company has cumulative foreign losses as of December 31, 2018.

British Virgin Islands

Moxian BVI is incorporated in the British Virgin Islands. Under the current laws of the British Virgin Islands, Moxian BVI is not subject to tax on income or capital gains. In addition, upon payments of dividends by Moxian BVI, no British Virgin Islands withholding tax is imposed.

Hong Kong

Moxian HK is incorporated in Hong Kong and Hong Kong's profits tax rate is 16.5%. Moxian HK did not earn any income that was derived in Hong Kong for the years ended December 31, 2018 and 2017 and therefore, Moxian HK was not subject to Hong Kong profits tax.

Malaysia

Moxian Malaysia did not have taxable income for the years ended December 31, 2018 and 2017. The management estimated that Moxian Malaysia will not generate any taxable income in the future.

9. Income taxes (continued)

PRC

Effective from January 1, 2008, the PRC's statutory income tax rate is 25%. The Company's PRC subsidiaries are subject to income tax rate of 25%, unless otherwise specified.

As of September 30, 2018, the Company had net operating loss carry forwards of approximately of $20.2 million in the PRC tax jurisdiction, which expires in the years 2018 through 2022.

Moxian Shenzhen was incorporated in the People's Republic of China. Moxian Shenzhen did not generate taxable income in the People's Republic of China for the period from April 8, 2013 (date of inception) to September 30, 2018. Management estimated that Moxian Shenzhen will not generate any taxable income in the future.

Moyi was incorporated in the People's Republic of China. Moyi did not generate taxable income in the People's Republic of China for the period from July 19, 2013 (date of inception) to December 31, 2018.

Moxian Beijing was incorporated in the People's Republic of China. Moxian Beijing did not generate taxable income in the People's Republic of China for the period from December 10, 2015 (date of inception) to December 31, 2018.

The Company's effective income tax rates were 0% for the three months ended December 31, 2018 and 2017 Income tax mainly consists of foreign income tax at statutory rates and the effects of permanent and temporary differences.

	December 31, 2018	December 31, 2017
U.S. statutory rate	34.0%	34.0
Foreign income not registered in the U.S.	(34.0)%	(34.0)
PRC statutory rate	25.0%	25.0
Changes in valuation allowance and others	(25.0)%	(25.0)
Effective tax rate	0%	0

Because of the uncertainty regarding the Company's ability to realize its deferred tax assets, a 100% valuation allowance has been established as of December 31, 2018 and September 30, 2018, respectively.

As of December 31, 2018 and September 30, 2018, the valuation allowance was approximately $9.0 million. For the three months ended December 31, 2018 and 2017, there were no increase in the valuation allowance.

	December 31 2018	September 30, 2018
Deferred tax asset from net operating loss and carry-forwards	$ 9,032,129	$ 9,032,129
Valuation allowance	(9,032,129)	(9,032,129)
Deferred tax asset, net	$ -	$ -

10. Commitments and contingencies

Operating Lease

Currently, the Company leases one property as its office. Rental expenses under operating leases for the three months ended December 31, 2018 and December 31, 2017 were $78,000 and $652,315 respectively. As of December 31, 2018, the Company was obligated under non-cancellable operating leases for minimum rentals as follows:

Three months ended December 31,

2019	$	252,000
2020		231,000
Total minimum lease payments	$	483,000

Arrangement with Xinhua New Media Co., Ltd

The Company entered into an exclusive advertising agency agreement and sponsor agreement with Xinhua New Media Co., Ltd ("Xinhua New Media"). Pursuant to the agreements, the Company, as an exclusive agent, is authorized to operate and sell advertisements in the gaming channel of Xinhua New Media's mobile application and sponsor related advertising events. The exclusive advertising agency agreement expires on December 31, 2020 and the sponsor agreement expired on December 31, 2017.

The Company entered into amendments with Xinhua New Media for both the agency agreement and sponsor agreement during the year ended December 31, 2017 which resulted in a reduction of fees. In April 2018, the Company further negotiated with Xinhua New Media and obtained a waiver for all future fees on the understanding that past arrears have to be made good.

Legal Proceeding

As of December 31, 2018, the Company is not aware of any material outstanding claim and litigation against them.

11. Subsequent events

On January 29, 2019, the Company entered into a convertible loan agreement with Mr. Junsheng Tang, an unrelated party, and Moxian Beijing, a wholly-owned subsidiary.

Under the Agreement, Mr. Tang agrees to provide for a loan of RMB 6.77 million (approximately USD 1.01 million) by June 30, 2019 to Moxian Beijing in three installments. The Company agrees to issue an interest-free unsecured promissory note (the "Note") in the mount of RMB 6.77 million to Mr. Tang, within 7 business days from the date of the third installment. Mr. Tang has the right to convert the whole RMB 6.77 million of the Note into the Company's restricted ordinary shares at the price of USD 1.00 per share, within six months from the date of the Note. Upon conversion of the Note, Mr. Tang has the right to designate a third party as the Company's shareholder.

ITEM 2. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the notes to those financial statements appearing elsewhere in this Report.

Certain statements in this Report constitute forward-looking statements. These forward-looking statements include statements, which involve risks and uncertainties, regarding, among other things, (a) our projected sales, profitability, and cash flows, (b) our growth strategy, (c) anticipated trends in our industry, (d) our future financing plans, and (e) our anticipated needs for, and use of, working capital. They are generally identifiable by use of the words "may," "will," "should," "anticipate," "estimate," "plan," "potential," "project," "continuing," "ongoing," "expects," "management believes," "we believe," "we intend," or the negative of these words or other variations on these words or comparable terminology. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this filing will in fact occur. You should not place undue reliance on these forward-looking statements.

The forward-looking statements speak only as of the date on which they are made, and, except to the extent required by federal securities laws, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which the statements are made or to reflect the occurrence of unanticipated events.

The "Company," "we," "us," "our" or "Moxian" are references to the combined business of

(i) Moxian, Inc., a company incorporated under the laws of Nevada;

(ii) Moxian CN Group Limited, a company incorporated under the laws of Independent State of Samoa ("Moxian CN Samoa"),

(iii) Moxian Intellectual Property Limited, a company incorporated under the laws of Independent State of Samoa ("Moxian IP Samoa");

(iv) Moxian Group Limited, a company incorporated under the laws of British Virgin Islands ("Moxian BVI"),

(v) Moxian (Hong Kong) Limited, a limited liability company incorporated under the laws of Hong Kong ("Moxian HK"),

(vi) Moxian Technologies (Shenzhen) Co., Ltd., a company incorporated under the laws of People's Republic of China ("Moxian Shenzhen"),

(vii) Moxian Malaysia Sdn.Bhd. ("Moxian Malaysia"), a company incorporated under the laws of Malaysia ("Moxian Malaysia"),

(viii) Moxian Technologies (Beijing) Co., Ltd., a company incorporated under the laws of People's Republic of China ("Moxian Beijing") and

(ix) Moxian Technologies (Shanghai) Co. Ltd., a company incorporated under the laws of the Peoples' Republic of China ("Moxian Shanghai") and

(x) Shenzhen Moyi Technologies Co. Ltd., a contractually controlled affiliate of Moxian Shenzhen formed under the laws of People's Republic of China ("Moyi").

<u>Overview</u>

We are in the O2O ("Online-to-Offline") business. While there are many definitions of O2O, with respect to our business, O2O means providing an online platform for small and medium sized enterprises ("SMEs") with physical stores to conduct business online, interact with existing customers and obtain new customers. We refer to our customers as "Merchant Clients" and the existing and potential users of our platform as "Users." Through our platform and the products and services offered through it, we seek to create interaction between our Users and Merchant Clients by allowing Merchant Clients to study consumer behavior. Our products and services are designed to allow Merchant Clients to conduct targeted advertising campaigns and promotions which are more effective because they are geared for those customers that a Merchant Client wishes to reach. Our platform is designed to encourage Users to return and to recruit new Users, each of which is a potential customer for our Merchant Clients.

We believe we are different from other companies in that our plan is to sign up merchants first and build our user base utilizing their customers.

The current version of our platform is called “Moxian+” which consists of our user mobile application (“App”) called the Moxian+ User App and a separate App for our Merchant Clients called the Moxian+ Business App. Both versions of the App are currently available in the Google Play Store and the Apple App Store and can be downloaded free of charge. We also have a website that can be accessed at www.moxian.com where either App can also be downloaded.

Moxian principally operates in Shenzhen and Beijing. As of December 31, 2018, we had a total of 10 employees, of which 1 is in research and development, 1 in marketing and the others in other functions, including, management, finance and administration.

Going Concern

In assessing the Company’s liquidity and its ability to continue as a going concern, the Company monitors and analyzes its cash and cash equivalents and its operating and capital expenditure commitments. The Company’s liquidity needs are to meet its working capital requirements, operating expenses and capital expenditure obligations. As of December 31, 2018, the Company’s current liabilities exceeded the current assets by approximately $10.3 million, its accumulated deficit was approximately $47.2 million and the Company has incurred losses since inception.

On November 10, 2017, the Company and Ms. Liu Shu Juan, a director of the Company, entered into a convertible loan agreement of $1,000,000 or its RMB equivalent. Pursuant to the loan agreement, the Company issued an unsecured convertible promissory note, carrying an interest rate of 4.75% per annum and due in one year. On May 8, 2018, Liu converted the total outstanding of $1,008,068 into 350,023 shares of the Company’s common stock at a price of $2.88 per share. The conversion price was calculated using the price of daily volume weighted average price per share for the 20 consecutive business days prior to the conversion.

On May 11, 2018, the Company and Ms. Liu entered into a loan agreement for a line of credit of $4,000,000 or its RMB equivalent, bearing interest of 4.75% per annum and due in two years. As of December 31, 2018, the line has been fully drawn down and the total outstanding to Ms. Liu is $ 5,032,760. This amount exceeded the agreed loan of $4,000,000 and is not covered by any agreement.

If the Company is unable to obtain the necessary additional capital on a timely basis and on acceptable terms, it will be unable to implement its current plans for expansion, repay debt obligations or respond to competitive pressures. Any of these factors would have a material adverse effect on its business, prospects, financial condition and results of operations and raise substantial doubts about the ability of the Company to continue as a going concern. The consolidated financial statements for the periods ended December 31, 2018 and 2017 have been prepared on a going concern basis and do not include any adjustments to reflect the possible future effects on the recoverability and classifications of assets or the amounts and classifications of liabilities that may result from the inability of the Company to continue as a going concern.

For the three months ended December 31, 2018 compared with the three months ended December 31, 2017

In the quarter under review, the Company has been preoccupied with discussions with Ms Liu and Shanghai Shewn Wine Company Limited ("Shanghai Shewn") over the progress of the Company's operations since the beginning of the collaboration with these two parties in November 2017. As noted elsewhere in this Report and in the From 10-K for the year ended September 30, 2018, Ms Liu, who has been the sole party providing ongoing financial support to the Company, decided not to proceed with any further loans. Mr. Ethan Yin, who was a General Manager of Shanghai Shewn and the Chief Executive Officer of the Company, resigned on November 17, 2018 and the Board of Directors subsequently appointed Mr. Hao Qinghu who is a General Partner of Beijing Huifeng Xinhua, a related party, as the Chief Executive Officer.

In the discussions mentioned above, it was clear that the objectives of the Company and that of Ms Liu and Shanghai Shewn were quite different and Mr. Hao, together with the remaining management, were left to resolve various operating issues of the Company. Under these circumstances, it was deemed necessary to temporarily halt outside operations and to take stock of the Company's financial situation and its available options. Because there was a surplus in the Company's servers and related computer equipment, these were sold in the open market and provided a source of revenue to finance overhead for the three months ended December 31, 2018.

Net cash provided by financing activities for the period ended December 31, 2018 was approximately $170,000 compared with $1.38 million for the same period ended December 31, 2017.

As of the date of this report, the Company has essentially ceased operations and is looking for financing options. The Company does not envisage a significant improvement in financial condition and is exploring various strategic options which may involve issuing more securities to public or private investors.

If the Company is unable to obtain the necessary additional capital on a timely basis and on acceptable terms, it will have to maintain its halt in its operations. Such an action will have a material adverse effect on its business, prospects, financial condition and results of operations and cast substantial doubts about the ability of the Company to continue as a going concern. The accompanying audited consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Critical Accounting Policies and Estimates

Use of estimates

The preparation of the unaudited condensed consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the accompanying unaudited condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates required to be made by management include but not limited to, useful lives of property and equipment, intangible assets valuation, inventory valuation and deferred tax assets. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements

Reference is made to the "Recent Accounting Pronouncements" in Note 2 to the Unaudited Condensed Consolidated Financial Statements included in this Report for information related to new accounting pronouncements, as well as the related impact of those recent accounting pronouncements.

Off-Balance Sheet Arrangements

As of December 31, 2018, we did not have any off-balance sheet arrangements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Pursuant to Item 305(e) of Regulation S-K (§ 229.305(e)), the Company is not required to provide the information required by this Item as it is a "smaller reporting company," as defined by Rule 229.10(f)(1).

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of December 31, 2018, the Company carried out an evaluation, under the supervision of and with the participation of management, including our Company's chief executive officer, of the effectiveness of the design and operation of our Company's disclosure controls and procedures under the 2013 COSO framework. Based on the foregoing, the chief executive officer concluded that our Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) were ineffective in timely alerting management to information required to be included in the Company's periodic filings to the Securities and Exchange Commission filings.

Based on such evaluation, our CEO and CFO have concluded that as of December 31, 2018, the Company's disclosure controls and procedures were ineffective due to the Company's lacks of formal documented controls and procedures applicable to all officers and directors to disclose the required information under the Exchange Act.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act. It is a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel. The objective is to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of the inherent limitations of internal control, there is a risk that material misstatements may not be prevented or detected on a timely basis by the internal controls over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

As of December 31, 2018, management assessed the effectiveness of our internal control over financial reporting based on the criteria for effective internal control over financial reporting established in by the Committee of Sponsoring Organizations of the Treadway Commission's 2013 Internal Control Integrated Framework and SEC guidance on conducting such assessments. Based on that evaluation, they concluded that, during the period covered by this report, such internal controls and procedures were not effective to detect the inappropriate application of US GAAP rules. This was primarily due to deficiencies that existed in the design or operation of our internal controls over financial reporting that adversely affected our internal controls. These deficiencies may be considered to be material weaknesses.

Identified Material Weakness

A material weakness in internal control over financial reporting is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

Management identified the following material weaknesses during its assessment of internal controls over financial reporting as of December 31, 2018:

(1) Too frequent changes in board composition as independent directors resign over a slow settlement of their fees even though they have no major disagreements with the Company

(2) Lack of timely communication between the CEO and the Board of Directors

(3) There are no written policies and procedures covering such operational activities such as sales and procurement due to a lack of staff stability, especially at senior management levels

As a result of the material weaknesses described above, management has concluded that the Company did not maintain effective internal control over financial reporting as of September 30, 2018 based on criteria established in Internal Control—Integrated Framework issued by COSO (2013 framework). However, management does not believe that any of our annual or interim financial statements issued to date contain a material misstatement as a result of the aforementioned weaknesses in our internal control over financial reporting.

Management's Remediation Initiatives

To mediate the identified material weaknesses and other deficiencies, we have introduced the following measures:

(1) Replaced the CEO on November 17, 2018 with a senior director more experienced and well-versed in good corporate governance issues

(2) Ensure that the Audit Committee meets regularly and review all related party transactions to ensure that they are in the best interest of the Company.

(3) Hold quarterly board meetings.

(4) Started a program to review document several key operating cycles of the Company, ensuring that there are sufficient internal controls at key points and segregation of important duties.

(5) Designed and monitored controls over financial reporting, including the introduction of a proper checklist of cut-off procedures to ensure proper accounting of accruals and payables.

(6) Continued to provide training to financial staff on U.S. GAAP and educate management staff and directors on NASDAQ Listing Rules and SEC Reporting Requirements.

Changes in internal controls over financial reporting

There have been no changes in our internal controls over financial reporting that occurred during the period covered by this Report, which has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

None.

ITEM 1A. RISK FACTORS.

Not applicable to a smaller reporting company.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

(a) None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

10.1	Convertible Loan Agreement, dated January 29, 2019, among Moxian, Inc., Junsheng Tang and Moxian Technologies (Beijing) Co., Ltd. (incorporated by reference to Exhibit 10.1 to our Current Report filed on Form 8-K with the Commission on February 1, 2019).
31.1	Rule 13(a)-14(a)/15(d)-14(a) Certification of principal executive officer
31.2	Rule 13(a)-14(a)/15(d)-14(a) Certification of principal financial officer
32.1	Section 1350 Certification of principal executive officer
32.2	Section 1350 Certification of principal financial officer
101	XBRL data files of Financial Statements and Notes contained in this Quarterly Report on Form 10-Q.

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.

	Moxian, Inc.
Date: February 19, 2019	By: /s/ Hao Qinghu
	Name: Hao Qinghu
	Title: Chief Executive Officer (Principal Executive Officer)
	Moxian, Inc.
Date: February 19, 2019	By: /s/ Tan Wanhong
	Name: Tan Wanhong
	Title: Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

Certification of Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
and Securities and Exchange Commission Release 34-46427

I, Hao Qing Hu, certify that:

(1) I have reviewed this Form 10-Q of Moxian, Inc.;

(2) Based on my knowledge, this 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 report;

(3) Based on my knowledge, the financial statements, and other financial information included in this 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 report;

(4) The registrant's other certifying officer(s) 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 control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2019

/s/ Hao Qinghu
Hao Qinghu
Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

Certification of Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
and Securities and Exchange Commission Release 34-46427

I, Tan Wan Hong, certify that:

(1) I have reviewed this Form 10-Q of Moxian, Inc.;

(2) Based on my knowledge, this 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 report;

(3) Based on my knowledge, the financial statements, and other financial information included in this 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 report;

(4) The registrant's other certifying officer(s) 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 control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2019

/s/ Tan Wanhong
Tan Wanhong
Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

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 this Form 10-Q report of Moxian, Inc. for the period ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof and pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Hao Qing Hu, certify that:

(1) This report containing the financial statements fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the this period report fairly presents, in all material respects, the financial condition and results of operations of Moxian, Inc.

Date: February 19, 2019

/s/ Hao Qinghu
Hao Qinghu
Chief Executive Officer (Principal Executive Officer)

Exhibit 32.2

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 this Form 10-Q report of Moxian, Inc. for the period ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof and pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Tan Wan Hong, certify that:

(1) This report containing the financial statements fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the this period report fairly presents, in all material respects, the financial condition and results of operations of Moxian, Inc.

Date: February 19, 2019

/s/ Tan Wanhong
Tan Wanhong
Chief Financial Officer (Principal Financial Officer)