

MCIG, INC.

FORM 10-Q/A (Amended Quarterly Report)

Filed 09/26/14 for the Period Ending 07/31/14

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

FORM 10-Q/A

Amendment #2
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **July 31, 2014**.

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT
For the transition period from N/A to N/A

Commission File No. 333-175941

mCig, Inc.

(Name of small business issuer as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

27-4439285

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

800 Bellevue Way NE, Suite 400, WA

(Address of principal executive offices)

98004

(Zip Code)

Registrant's telephone number, including area code:

425-652-5946

None

(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 by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days: Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer
Non-Accelerated filer

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date. **270,135,000 common shares issued and outstanding as of September 26, 2014.**

Explanatory Note

mCig, Inc. (the "Company") is filing this Amendment #2 on Form 10-Q/A (the Amendment") to the Company's quarter report on Form 10-Q for the period ended July 31, 2014 (the "Form 10-Q"), filed with the Securities and Exchange Commission on September 19, 2014 (the "Original Filing Date"), is solely for the purpose of furnishing Exhibit 101 - Interactive Data File (XBRL Exhibit) required by Rule 405 of Regulation S-T, which was not included with the Original Filing.

No other changes have been made to the Form 10-Q. This Amendment speaks as of the original filing date of the Form 10-Q, does not reflect events that may have occurred subsequent to the original filing date and does not modify or update in any way disclosures made in the original Form 10-Q.

The Amendment #1 on Form 10-Q/A for the period ended July 31, 2014 that was filed with the Securities and Exchange Commission on September 23, 2014, failed to properly include the Interactive Data File (XBRL Exhibit).

**INDEX TO FORM 10-Q FILING
FOR THE THREE MONTHS ENDED JULY 31, 2014**

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PART- I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The accompanying reviewed interim consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q. Therefore, they do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, cash flows, and stockholders' equity (deficit) in conformity with generally accepted accounting principles. Except as disclosed herein, there has been no material change in the information disclosed in the notes to the financial statements included in the Company's annual report on Form 10-K for the year ended April 30, 2014. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature. Operating results for the three months ended July 31, 2014 are not necessarily indicative of the results that can be expected for the year ending.

mCig, Inc.
CONSOLIDATED BALANCE SHEETS

	July 31, 2014 (Unaudited)	April 30, 2014 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 225,995	\$ 358,839
Accounts receivable	55,633	41,098
Inventory	106,367	138,657
Prepaid inventory	4,835	-
Prepaid expense	1,769,842	6,253
Total current assets	<u>2,162,672</u>	<u>544,847</u>
Intangible asset, net	12,789	11,848
Investment in Vapolution	625,000	625,000
Total assets	<u>\$ 2,800,460</u>	<u>\$ 1,181,695</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 3,943	\$ 132,756
Deferred revenue	-	4,141
Due to related party	3,000	3,000
Total current liabilities	<u>6,943</u>	<u>139,897</u>
Total liabilities	<u>6,943</u>	<u>139,897</u>
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock, \$0.0001 par value per share, 50,000,000 shares authorized, 23,000,000 shares issued and outstanding	2,300	2,300
Common stock, \$0.0001 par value per share, 560,000,000 shares authorized, 270,135,000 shares issued and outstanding	27,014	27,014
Additional Paid in Capital	4,074,611	1,394,137
Stock payable	128,071	-
Accumulated deficit	<u>(1,438,478)</u>	<u>(381,653)</u>
Total stockholders' equity (deficit)	<u>2,793,517</u>	<u>1,041,798</u>
Total liabilities and stockholders' equity (deficit)	<u>\$ 2,800,460</u>	<u>\$ 1,181,695</u>

The accompanying notes are an integral part of the consolidated financial statements.

mCig, Inc.
CONDOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the three months ended July 31, 2014	For the three months ended July 31, 2013
	<u> </u>	<u> </u>
Revenue	\$ 195,565	\$ 12,500
Cost of Goods Sold	<u>97,434</u>	<u>-</u>
Gross profit	<u>98,131</u>	<u>12,500</u>
Operating Expenses		
Amortization expense	1,859	1,294
Professional fees	15,416	9,225
Travel expenses	1,624	-
General and administrative expenses	91,101	9,068
Share-based compensation	<u>1,044,956</u>	<u>-</u>
Total operating expenses	<u>1,154,956</u>	<u>19,587</u>
Net loss	\$ <u>(1,056,825)</u>	\$ <u>(7,087)</u>
Basic loss per share	\$ <u>(0.00)</u>	\$ <u>(0.00)</u>
Weighted average shares of common stock outstanding - basic	<u>270,135,000</u>	<u>270,135,000</u>

The accompanying notes are an integral part of the financial statements.

mCig, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the three months e nded July 31, 2014	For the three months e nded July 31, 2013
Cash flows from operating activities		
Net loss	\$ (1,056,825)	\$ (7,087)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization	1,859	1,294
Common stock issued for services rendered	1,044,956	-
Changes in operating assets and liabilities:		
Accounts receivable	(14,535)	-
Inventory	32,290	-
Prepaid inventory	(4,835)	-
Accounts payable and other liabilities	(128,813)	(2,000)
Deferred revenue	(4,141)	(12,500)
Net cash used in operating activities	<u>(130,044)</u>	<u>(20,293)</u>
Cash flows from investing activities		
Website development cost	<u>(2,800)</u>	<u>(3,733)</u>
Net cash used in investing activities	<u>(2,800)</u>	<u>(3,733)</u>
Cash flows from financing activities		
Advance from related party	-	24,300
Issuance of common stock for cash	-	-
Net cash flows provided by financing activities:	<u>-</u>	<u>24,300</u>
Net increase (decrease) in cash	(132,844)	274
Cash- beginning of period	<u>358,839</u>	<u>3,600</u>
Cash- end of period	<u>\$ 225,995</u>	<u>\$ 3,874</u>

The accompanying notes are an integral part of the financial statements.

1. BUSINESS DESCRIPTION AND BASIS OF PRESENTATION

mCig, Inc. (mCig) was incorporated in the State of Nevada on December 30, 2010 originally under the name Lifetech Industries, Inc. Effective August 2, 2013, our name was changed from "Lifetech Industries, Inc." to "mCig, Inc." reflecting our new business model. Since October 2013, mCig, Inc. has positioned itself as a technology company focused on two long-term secular trends sweeping the globe: (1) The decriminalization and legalization of marijuana for medicinal or recreational purposes (2) The adoption of electronic vaporizing cigarettes (commonly known as "eCigs") by the world's 1.2 Billion smokers.

All agreements related to the Lifetech business are terminated and closed as of April 30, 2014. It has no impact on the current and future operations because all of these agreements are related to the previous business directions of the Company.

We manufacture and retail the mCig – an affordable loose-leaf eCig . Designed in the USA – the mCig provides a smoking experience by heating plant material, waxes, and oils delivering a smoother inhalation experience. The Company also maintains an investment in Vapolution, Inc. which manufactures and retails home-use vaporizers such as the Vapolution 2.0. Through its wholly owned subsidiary, VitaCig, Inc., the Company is engaged in the manufacturing and retailing of a nicotine-free eCig that delivers a water-vapor mixed with vitamins and natural flavors.

On January 23, 2014, the Company signed a Stock Purchase Agreement with Vapolution, Inc. which manufactures and retails home-use vaporizers. In accordance with this agreement mCig, Inc. acquired 100% of Vapolution, Inc.; as part of this transaction mCig, Inc. issued 5,000,000 shares to shareholders of Vapolution, Inc. (See Note 3)

On January 23, 2014, Paul Rosenberg, CEO of mCig, Inc. has cancelled an equal amount (2,500,000 shares) of common shares owned by him resulting in a net non-dilutive transaction to existing mCig, Inc. shareholders. The remaining 2,500,000 of common shares owned by Paul Rosenberg will be cancelled on the one year anniversary of the agreement, specifically on January 23, 2015, to offset the 2,500,000 new shares issued from the treasury to complete the purchase of Vapolution, Inc.

On February 24, 2014 the company entered into a Contribution Agreement with VitaCig, Inc. In accordance with this agreement VitaCig, Inc. accepted the contribution by mCig, Inc. of specific assets consisting solely of pending trademarks for the term "VitaCig" filed with the USPTO and \$500 in cash as contribution in exchange for 500,135,000 shares of common capital stock representing 100% of the shares outstanding of VitaCig, Inc.

mCig, Inc. will be distributing to its shareholders 270,135,000 shares of Common Stock of VitaCig, Inc. owned by mCig, a shareholder of VitaCig. The shareholders of mCig will receive one share of VitaCig common stock for every one share of mCig common stock that they hold as of the record date. The record date shall be defined as the first business day following an effective statement from the SEC in regards to this Form S-1 filing.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Company's accounting policies used in the preparation of the accompanying consolidated financial statements conform to accounting principles generally accepted in the United States of America ("US GAAP") and have been consistently applied.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. The most significant estimates include: revenue recognition; sales returns and other allowances; allowance for doubtful accounts; valuation of inventory; valuation and recoverability of long-lived assets; property and equipment; contingencies; and income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

On a regular basis, management reviews its estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such reviews, and if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates.

Revenue Recognition

Our revenue recognition policy is in accordance with generally accepted accounting principles, which requires the recognition of sales when there is evidence of a sales agreement, the delivery of goods has occurred, the sales price is fixed or determinable and the collectability of revenue is reasonably assured.

Cost of Goods Sold

The Company recognizes the direct cost of purchasing product for sale, including freight-in and packaging, as cost of goods sold in the accompanying income statement.

Cash and cash equivalents

The Company includes in cash and cash equivalents all short-term, highly liquid investments that mature within three months of their acquisition date. Cash equivalents consist principally of investments in interest-bearing demand deposit accounts and liquidity funds with financial institutions and are stated at cost, which approximates fair value. For cash management purposes the company concentrates its cash holdings in an account at Bank of America and an old account at JP Morgan Chase Bank.

Inventory

Inventory consists of finished product, mCig and VitaCig electronic vaporizing cigarettes valued at the lower of cost or market valuation under the first-in, first-out method of costing.

Accounts Receivable

Accounts receivable, strictly from its vendor tasked with accepting all credit card payments for purchases from its customers, are reported at the amount withheld (10% of all credit card purchases, for the period of six months.) Due to the nature of these funds (this requirement was put in-place by the vendor due to the high risk nature of the industry that the Company operates in, as well as the risks associated with launching of a brand new product), the Company expects these receivables to be fully collectible and therefore has not estimated an allowance for doubtful accounts for the period. The Company did not report any accounts receivable from any of its retail customers. The Company doesn't anticipate an accounts receivable balance going forward, since they switched to a new vendor during the next fiscal quarter that no longer requires a withholding on any of the credit card purchases.

Foreign currency translation

The Company's functional currency and its reporting currency is the United States Dollar.

Financial Instruments

Fair Value of Financial Instruments

The carrying amounts reflected in the balance sheets for cash, accounts receivable, inventory, accounts payable and accrued expenses approximate the respective fair values due to the short maturities of these items. The Company does not hold any investments that are available-for-sale.

As required by the Fair Value Measurements and Disclosures Topic of the FASB ASC, fair value is measured based on a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows: (Level 1) observable inputs such as quoted prices in active markets; (Level 2) inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and (Level 3) unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Website development costs

Under the provisions of FASB-ASC Topic 350, the Company previously capitalized costs of design, configuration, coding, installation, and testing of the Company's website up to its initial implementation. Costs will be amortized

to expense over an estimated useful life of three years using the straight-line method. Ongoing website post- implementation cost of operations, including training and application, are expensed as incurred. The Company evaluates the recoverability of website development costs in accordance with FASB-ASC Topic 350. As of the period ended July 31, 2014, management does not believe that there is a need for the impairment of costs incurred towards the development of its website.

	July 31, 2014	April 30, 2014
Website development cost	\$19,510	\$19,510
Accumulated amortization	(9,288)	(7,662)
Total intangible assets	\$ 10,222	\$ 11,848

Stock-Based Compensation

The Company follows ASC 718-10, "Stock Compensation", which addresses the accounting for transactions in which an entity exchanges its equity instruments for goods or services, with a primary focus on transactions in which an entity obtains employee services in share-based payment transactions. ASC 718-10 requires measurement of the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). Incremental compensation costs arising from subsequent modifications of awards after the grant date must be recognized. The Company has not adopted a stock option plan and has not granted any stock options. The Company granted stock awards, at market value, to its advisors for services rendered. Accordingly, stock-based compensation has been recorded to date.

Recent accounting pronouncements

The Company evaluated all recent accounting pronouncements issued and determined that the adoption of these pronouncements would not have a material effect on the financial position, results of operations, or cash flows of the Company.

Income Taxes

Income taxes are accounted for under the assets and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled.

Basic and Diluted Loss per Share

The Company follows ASC Topic 260 to account for earnings per share. Basic earnings per share ("EPS") calculations are determined by dividing net loss by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per share calculations are determined by dividing net income by the weighted average number of common shares and dilutive common share equivalents outstanding. During periods when common stock equivalents, if any, are anti-dilutive they are not considered in the computation.

3. BUSINESS ACQUISITIONS

On January 23, 2014, the Company completed the investment acquisition of Vapolution, Inc. by acquiring all of its' issued and outstanding shares in exchange for 5,000,000 shares of mCig's common stock at a market value of \$0.25 per share on the date of the acquisition, where Vapolution became controlled subsidiary.

mCig, Inc.
Notes To Consolidated Financial Statements
(Unaudited)

3. BUSINESS ACQUISITIONS (CONT.)

Following consultation with our legal advisors in preparation for the filing of our audited Form 10-K, the company and Vapolution, Inc. decided to amend their original Stock Purchase Agreement. Per the amended Stock Purchase Agreement executed as of May 23, 2014, a clarification was made to the agreement that more appropriately expresses the spirit of the transaction as agreed upon by management of mCig and the previous owners of Vapolution, Inc. As a result, one of the changes in the agreement is the disclosure that all of Vapolution's assets were in-fact purchased by mCig as part of this agreement.

On August 7, 2014, a further amendment was made to permit the Board of Directors of mCig to appoint their designee as the only members of the Board of Directors of Vapolution. mCig appointed Paul Rosenberg as the sole director of Vapolution. mCig agreed to provide employment or consulting agreements to the prior owners of Vapolution in order for them to manage the day to day operations.

While the amended Vapolution, Inc. acquisition agreement provides mCig, Inc. with more control of Vapolution and its assets, several risk factors must still be considered:

1. mCig's role is one that mirrors an overseer with the prior owners running the day-to-day operations of the Company. As such, we run the risk that previous management in-charge of the day-to-day operations at Vapolution, make decisions that are not aligned with the vision of mCig's Board of Directors. However, as mCig controls the Board of Directors, all material matters will be controlled by mCig. Further, the previous management serves at the pleasure of the Board of Directors.
2. There is no way to guarantee that the previous owners of Vapolution, Inc. will make decisions that are in the best interest of Vapolution, Inc. as a mCig, Inc. subsidiary. To ensure themselves an appropriate portion of the earnings, the previous owners of Vapolution are guaranteed the first \$110,000 of Earnings before Interest Tax Depreciation and Amortization from the yearly profits of the Company.
3. Since the entire transaction for the purchase of Vapolution was in the form of 5,000,000 shares of mCig, Inc. common stock shares, the Board of Directors believes that it would be in the management's best interest to improve Vapolution, Inc.'s performance, since this would directly have a moderate effect on the price of mCig, Inc.'s common stock share price.

1. The Purchase Agreement, as amended on August 7, 2014, grants the day-to-day operations of Vapolution, Inc. to its former owners. The Board of Directors of mCig, Inc. will review the financial activity of Vapolution, Inc. on a monthly basis and, as mCig controls the Board of Directors of Vapolution, will sign off on any large investments, payments to management, creative ideas, as well as have ultimate decision power over all material decisions and the overall strategy of the business. mCig management believes that introducing the mCig culture into the marketing of Vapolution products will greatly increase Vapolution's economic potential. This theory was re-enforced immediately after the completion of the Vapolution, Inc. acquisition. The first order of business after the acquisition was the complete re-design of the Company website by mCig staff (www.vapolution.com); the website is expressly not incorporated by reference into this filing). Furthermore, the previous owners in collaboration with mCig's technical staff are working extensively on the Vapolution Vaporizer 3.0, which management expects to have on the market in the fall of 2014. In addition to streamlining several processes, such as consolidating administrative, accounting, and fulfillment for both mCig and Vapolution which will reduce the bottom line expenses for the combined companies. mCig, Inc. management believes that these initiatives will produce significant cost-savings for both companies. More importantly, the combined strategies will assist in returning Vapolution, Inc. to its past prosperity.

The management of the company looks at "the first one hundred and ten thousand dollars (\$110,000) of EBITDA per year (Earnings Before Interest, Tax, Depreciation and Amortization) from Vapolution, Inc. sales to be split equally amongst LUCEY and SHAFFER (50% each) for a period of ten (10) years following the execution of this agreement ("earn-out-period")" as the appropriate salary to the previous owners of Vapolution for their continued full-time involvement in the running of the day-to-day operations of this mCig Brand. We looked at the prior results of the operations of Vapolution, Inc. and determined that paying the first \$110,000 of EBITDA per year would be an appropriate "salary" expense to secure the services of Patrick Lucey and Chad Shaffer to run autonomously the operations of Vapolution Inc. for the next 10 years. After these 10 years, we would re-negotiate a salary contract with Patrick and Chad, to continue running the operations of Vapolution, if deemed appropriate.

3. BUSINESS ACQUISITIONS (CONT.)

We examined the historic salary payments paid by the previous owners of Vapolution Inc. for the periods ended as of 3/30/13 and as of 3/30/14, respectively. Furthermore, the management paid for rent expense for the periods ended as of 3/30/13 and as of 3/30/14, respectively. As a result, in coming up with the first \$110,000 of EBITDA per year, the salary expense as well as the rent expense will be subtracted from this amount. The way that they will pay themselves will be in the form of a monthly evaluation. Based on the monthly results of the Brand and the results of the operations of the company, with the approval of Vapolution and, indirectly, the mCig Board of Directors, Patrick and Chad will be paid up to \$9,000 per month as a salary/ rent expense (based on the current month results.) On January 23 of each year, a summary calculation will be prepared to determine how much payment is required to be made to Patrick and Chad (if the Company was able to achieve all of its objectives and obtain EBITDA in this time period above \$110,000.) If for some reason the results from Vapolution show a loss in this time period, no salary would be paid out, as evident by the agreement signed between mCig and Vapolution, Inc.

3. After the one year period, if the previous owners of Vapolution do not rescind the purchase agreement and return to full ownership of the Company, the previous owners will be unable to rescind the agreement. After this period, the Board of Directors will continue to evaluate the performance of Vapolution, to continuously determine whether the Vapolution is meeting all of the set-out objectives and goals. In the event that the former owners resign or are asked to resign from their current management positions in Vapolution, Inc., mCig, Inc. will have to step-in and manage the operations of the Company. Since the earliest that this ultimate measure can take place (at least 1 year after the anniversary date of the purchase agreement), the Board of Directors of mCig, Inc. believes that by this time they will have gained the necessary experience and knowledge to continue to operate the Company without any interruption. To be able to accomplish this, several employees of mCig, Inc. have taken an interest in learning about the operations of Vapolution as well as assisting in the development of the Vapolution Vaporizer 3.0. As a result, mCig, Inc.'s management is confident that it is very unlikely that they would experience material losses in revenues in the event of a restructuring of the operational management currently in place at Vapolution, Inc.

The primary reasons for the acquisition of Vapolution per ASC 805-10-50-2(d) can be summarized by the following:

1. Vapolution has been a leader in its industry since the company's inception in the early 2000's. After years of sustained success and consistent revenue streams and profitability, financial performance peaked and for the first time since inception, revenues fell flat. At this stage, management realized that unless fundamental changes were implemented and the trend reversed significant market share could be lost permanently. That is why the transaction with mCig made sense for both parties. In its acquisition of Vapolution, mCig acquired more than just a successful brand and an exemplary product. mCig also acquired a team of two fantastic engineers that were very familiar with the industry and well respected by their peers. Vapolution, Inc. management recognized that by aligning with mCig, Inc. the combined companies would be stronger, have substantial cost-synergies, as well as growth-synergies. Meanwhile, administration, accounting, and fulfillment could be streamlined and consolidated while the team at Vapolution could return to what they do best which was creating great products.
2. By agreeing to join forces with mCig, Vapolution's management agreed to allow mCig to run the marketing side, while they turned all of their focus on developing the third generation Vapolution product. Since mCig is not a direct competitor to Vapolution, this acquisition made further sense as it added another revenue stream for the company while allowing mCig, Inc. to expand into the home-use vaporizer segment.

Due to the way the acquisition of Vapolution, Inc. was structured, mCig, Inc. only recorded the amount of common stock shares paid out to the previous owners of Vapolution prior to April 30, 2014, (2,500,000 shares), which equaled to \$625,000 on its balance sheet as Investment in Vapolution, Inc.. The remaining purchase price equaling \$625,000 will be recognized by mCig, when the remaining 2,500,000 shares are transferred to the previous owners of Vapolution, Inc. on the one year anniversary date of January 23, 2015. Furthermore, even though the Company's intent was to consolidate Vapolution's results as part of its Financials as of April 30, 2014, due to this one year rescind period, where the previous owners of Vapolution can return the shares or cash equivalent and return to full ownership of the Company, and due to the current Stock Purchase agreement lacking the necessary language to qualify as a consolidation, Vapolution was classified as an investment on the Company's balance sheet at April 30, 2014.

3. BUSINESS ACQUISITIONS (CONT.)

Furthermore, since only one-half of the total purchase price was paid out as of April 30, 2014 to the previous owners of Vapolution (2,500,000 shares equaling \$625,000), mCig only recorded one-half of the agreed upon purchase price as Investment in Vapolution on its balance sheet as of April 30, 2014. Once the transaction is consummated on January 23, 2015 and the Stock Purchase agreement for the acquisition of Vapolution is amended to include the items necessary to satisfy the requirements necessary for consolidation purposes, Vapolution's audited financials will be consolidated as part of mCig's, as was originally intended by mCig and the remaining purchase price of 2,500,000 shares equaling \$625,000 will be recorded on its balance sheet as part of Investment in Vapolution, Inc.

4. INVESTMENTS

In determining the appropriate way to report its investment in Vapolution using the Equity method, the Company utilized the guidance per the ASC. Specifically, as reported Per ASC 320-10-30-1, the fair value of restricted stock shall be measured initially based on the quoted price of an otherwise identical unrestricted security of the same issuer, adjusted for the effect of the restriction, in accordance with the provisions of Topic 820. Furthermore, as reported per ASC 320-10-30-3, if a previously nonmarketable equity security becomes marketable, the cost basis of the nonmarketable security shall become the basis of the security. If a change in marketability provides evidence that an other-than-temporary impairment has occurred, a write-down shall be recorded before applying the guidance in this subtopic, and the loss shall be classified consistently with other write-downs of similar investments. Since ASC 320-10-30-4 does not apply to Vapolution, the Equity Method is was deemed appropriate in valuing the Company's investment in Vapolution. As a result, using the Equity method, mCig reported its investment in Vapolution as of April 30, 2014 in the amount of \$625,000.

As far as Vapolution's earnings are concerned in the period of ownership from January 23, 2014 to April 30, 2014, ASC 323-10-35-36 notes that the earnings or losses that relate to the stock retained shall remain as part of the carrying amount of the investment and that the investment account shall not be adjusted retroactively. Subsequently, the security shall be accounted for pursuant to paragraph 320-10-35-1. Vapolution's Earnings before Interest Taxes Depreciation and Amortization (EBITDA) did not go over the contracted threshold, as agreed upon per the Stock Purchase agreement, prorated for the period from January 23, 2014 to April 30, 2014 in the amount of \$30,250, based upon \$110,000 per year. Since Vapolution's earnings did not exceed this threshold in this period, mCig did not receive any profits from Vapolution as of April 30, 2014, hence why none of the profits from Vapolution were included as part of mCig's financial statements.

5. STOCKHOLDERS' EQUITY

Common Stock

The authorized capital of the Company is 560,000,000 common shares with a par value of \$0.0001 per share.

On September 17, 2013, the Company issued 60,000 restricted shares of common stock at \$0.21 per share for professional services rendered in order to promote the Company via social media. These shares were valued at \$12,600 based on the price on the date of grant.

On October 18, 2013, the Company issued 30,000 restricted shares of common stock at \$0.11 per share for professional services rendered in order to promote the Company via social media. These shares were valued at \$3,300 based on the price on the date of grant.

On November 15, 2013, the Company issued 45,000 restricted shares of common stock at \$0.07 per share for professional services rendered in order to promote the Company via social media. These shares were valued at \$3,150 based on the price on the date of the grant.

mCig, Inc.

Notes To Consolidated Financial Statements
(Unaudited)

5. STOCKHOLDERS' EQUITY (CONT.)

On November 26, 2013, the Company issued 500,000 shares of common stock at \$0.083 per share for services of Chief Operating Officer by transferring these shares of common stock held by Paul Rosenberg. These shares were valued at \$41,500, based on the price on the date of the grant and considered a capital contribution.

On January 23, 2014, the Company completed the investment acquisition of Vapolution, Inc. by acquiring all of its' issued and outstanding shares in exchange for 5,000,000 shares of mCig's common stock at a market value of \$0.25 per share on the date of the acquisition, where Vapolution became a controlled subsidiary.

On January 23, 2014, Paul Rosenberg, CEO of mCig, Inc. has cancelled an equal amount (2,500,000 shares) of common shares owned by him resulting in a net non-dilutive transaction to existing mCig, Inc. shareholders. The remaining 2,500,000 of common shares owned by Paul Rosenberg will be cancelled on the one year anniversary of the agreement on January 23, 2015, to offset the 2,500,000 new shares issued from the treasury to complete the purchase of mCig, Inc.

Since only half of the agreed upon shares had been paid out by mCig, Inc. to the previous owners of Vapolution, Inc. as of April 30, 2014 as part of the agreed upon purchase price, only half of the purchase price (\$625,000) was reported on the Company's balance sheet as Investment in Vapolution, Inc. at the year-end date. The remaining purchase price of 2,500,000 shares will be recognized in the amount of \$625,000 on the Company's balance sheet on the commencement date of January 23, 2015. At that time, mCig intends to satisfy all requirements necessary to consolidate Vapolution's audited year-end results as part of its financials.

On April 14, 2014, the Company issued 750,000 shares of common stock at \$0.4 per share in accordance with a Security Purchase Agreement between mCig, Inc. and an institutional investor as part of the company's deployment of a national market strategy dated as of April 14, 2014, by transferring these shares of common stock held by Paul Rosenberg. These shares were valued at \$300,000 based on the price at \$0.4 per share. It was considered as capital contribution.

As of April 30, 2014, Mr. Paul Rosenberg cancelled 741,224 shares of common stock from his personnel holdings in the Company and were issued to various employees and consultants for services rendered and 135,000 shares of common stock were issued by the Company for services rendered. The total amount of these shares, included as part of the Company's equity roll-forward equaled \$195,723.

On April 30, 2014, Mr. Paul Rosenberg, President and CEO, agreed to forgive debts (the sum of \$15,000) owed to him by the Company and recorded as Additional Paid-in Capital.

As of July 31, 2014, Mr. Paul Rosenberg cancelled 5,040,658 shares of common stock from his personnel holdings in the Company and issued on behalf of the Company for services rendered by employees and consultants. The total amount of these shares, included as part of the Company's equity roll-forward equaled \$2,680,474.

Stock split

Effective July 31, 2013, a one (1) old for ten (10) new forward stock split of the Company's common stock took place. As a result, authorized capital increased from 200,000,000 to 1,000,000,000 shares of common stock and issued and outstanding increased from 50,000,000 shares of common stock to 500,000,000 shares of common stock, all with a par value of \$0.0001.

On December 12, 2013, the Company amended its Certificate of Incorporation to decrease the number of authorized shares of Common stock, \$0.0001 par value per share, from 1,000,000,000 shares to 560,000,000 shares.

5. STOCKHOLDERS' EQUITY (CONT.)

Preferred Stock

On September 23, 2013, the Company entered into a Share Cancellation / Exchange / Return to Treasury Agreement with Paul Rosenberg, the President and CEO of mCig, Inc., for the cancellation of 230,000,000 shares of common stock held by Mr. Rosenberg in exchange for 23,000,000 shares of the Company's Series A Preferred stock. Under the terms of the agreement, the Preferred shares are convertible and can be exchanged for a stated number of shares of the Company's common stock, but not earlier than one year after the agreement is signed.

On April 10, 2014, the Share Cancellation / Exchange / Return to Treasury Agreement was amended. Under the terms of the amended agreement, all or any part of the Preferred shares held by shareholder can be converted at any time or from time to time, and can be exchanged for a stated number of the Company's common stock shares.

As of May 30, 2014, there were no set conversion terms for the Series A Preferred stock either in the certificate of designation of mCig Inc.'s Series A Preferred stock or in the agreement, as amended, under which Mr. Rosenberg received 23,000,000 shares of Series A Preferred stock.

The Board of Directors determines the stated number of the Company's common stock shares into which the Series A Preferred shares can be converted into – both with respect to the 23,000,000 Series A Preferred shares already issued and with respect to the remaining 27,000,000 authorized but unissued shares of Series A Preferred stock.

The Series A Preferred shares of mCig, Inc. carry ten (10) votes per each share of Preferred stock, while mCig, Inc.'s common shares carry one (1) vote per each share outstanding.

On April 11, 2014, the Company filed a Certificate of Correction with the Secretary of State of the State of Nevada, solely to correct an error found in the Certificate of Designation, originally filed on September 11, 2013 (the "Prior Filing"). The original filing incorrectly stated that the shareholders had no preemptive rights to subscribe for, purchase or receive any part of any new or additional shares of any class, whether now or hereinafter authorized, or of bonds or debentures, or other evidences of indebtedness convertible into or exchangeable for shares of any class, but all such new or additional shares of any class, or any bond, debentures or other evidences of indebtedness convertible into or exchangeable for shares, may be issued and disposed of by the Board of Directors on such terms and for such consideration (to the extent permitted by law), and to such person or persons as the Board of Directors in their absolute discretion may deem advisable.

On July 16, 2014, the Board of Directors approved the conversion rate of ten for one (ten shares of common stock for each share of Series A Preferred Stock). In addition, the Board of Directors reduced the number of shares of Series A Preferred Stock to the amount issued and outstanding (23,000,000) and executed a lock up agreement such that Mr. Rosenberg cannot convert the Series A Convertible Preferred Stock until after the year ended April 30, 2015.

Stock Payable

As of July 31, 2014, the Company entered into agreements with various consultants for services. As per the agreement the Company is liable to issue shares for the compensation agreed upon per the agreement. As at July 31, 2014 a total of \$128,071 is classified as stock payable for shares liable to be issued under the agreement.

6. RELATED PARTY TRANSACTIONS

On July 13, 2011, the Officer of the Company contributed an amount of \$100 towards additional paid in capital.

As of April 30, 2013 the Company was obligated to Mr. Benjamin Chung for an unsecured and non-interest bearing demand loan with a balance of \$172,678.

6. RELATED PARTY TRANSACTIONS (CONT.)

Effective April 19, 2013 Benjamin Chung and Paul Rosenberg signed the "Debt Assignment, Consent and Release Agreement", according to which the Assignor (Benjamin Chung) grants, assigns, transfers and sets over unto the Assignee (Paul Rosenberg) his entire right, title and interest in and to the Debt upon the terms and conditions contained in the Agreement.

On July 30, 2013, Mr. Paul Rosenberg, President and CEO, agreed to forgive all of the debts (the sum of \$172,678) owed to him by the Company and recorded as Additional Paid-in Capital.

As of October 31, 2013, the President and CEO of the Company, Mr. Paul Rosenberg advanced the Company the amount of \$65,050 for operating purposes.

On November 26, 2013, Mark Linkhorst was appointed as Chief Operating Officer (COO) of the Company. The employment agreement between Mr. Linkhorst and the Company stipulated compensation of 1,000,000 shares of Company common stock for the first year of services. On this date, the Company issued 500,000 shares of common stock to Mark Linkhorst for future services to be rendered. Simultaneously, Paul Rosenberg cancelled an equal amount of shares (500,000) owned by him. These shares had a FMV of \$41,500 based on the price on the date of grant, and was classified as a capital contribution on the Company's books.

The remaining 500,000 shares of common stock that are owed to Mr. Linkhorst for his future services as COO of mCig, Inc. will be paid out and recorded at FMV on a monthly basis, at a rate of 83,333 shares per month. Since there is no way correct way to estimate the FMV of these shares, a note disclosure was deemed appropriate.

On January 23, 2014, Mr. Paul Rosenberg cancelled 2,500,000 shares of common stock owned by him, as part of a Stock Purchase Agreement between mCig, Inc. and Vapolution, Inc., resulting in a net non-dilutive transaction to existing mCig, Inc. shareholders.

On January 31, 2014, Mr. Paul Rosenberg, President and CEO, agreed to forgive all debts (the sum of \$65,050) owed to him by the Company and recorded as Additional Paid-in Capital.

On April 30, 2014, Mr. Paul Rosenberg, President and CEO, agreed to forgive debts (the sum of \$15,000) owed to him by the Company and recorded as Additional Paid-in Capital.

As of April 30, 2014, Mr. Paul Rosenberg, President and CEO, cancelled 741,224 shares of common stock from his personnel holdings in the Company and issued to various employees and consultants for services rendered. An additional 135,000 shares of common stock were issued by the Company to various employees and consultants for services rendered. The total amount of these shares, included as part of the Company's equity roll-forward equaled \$195,723.

As of July 31, 2014, Mr. Paul Rosenberg cancelled 5,040,658 shares of common stock from his personnel holdings in the Company and issued on behalf of the Company for services rendered by employees and consultants. The total amount of these shares, included as part of the Company's equity roll-forward equaled \$2,680,474.

7. SUBSEQUENT EVENTS

As of the date of this filing, there are no subsequent events to report.

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

Forward Looking Statements

This report on Form 10-Q contains certain forward-looking statements. All statements other than statements of historical fact are "forward-looking statements" for purposes of these provisions, including any projections of earnings, revenues, or other financial items; any statements of the plans, strategies, and objectives of management for future operation; any statements concerning proposed new products, services, or developments; any statements regarding future economic conditions or performance; statements of belief; and any statement of assumptions underlying any of the foregoing. Such forward-looking statements are subject to inherent risks and uncertainties, and actual results could differ materially from those anticipated by the forward-looking statements.

Business Overview

mCig, Inc. (mCig) was incorporated in the State of Nevada on December 30, 2010 originally under the name Lifetech Industries, Inc. Effective August 2, 2013, our name was changed from "Lifetech Industries, Inc." to "mCig, Inc." reflecting our new business model. Since October 2013, mCig, Inc. has positioned itself as a technology company focused on two long-term secular trends sweeping the globe: (1) The decriminalization and legalization of marijuana for medicinal or recreational purposes (2) The adoption of electronic vaporizing cigarettes (commonly known as "eCigs") by the world's 1.2 Billion smokers.

On January 23, 2014, the Company completed the investment acquisition of Vapolution, Inc. by acquiring all of its issued and outstanding shares in exchange for 5,000,000 shares of mCig's common stock at a market value of \$0.25 per share on the date of the acquisition, where Vapolution became controlled subsidiary.

On January 23, 2014, Paul Rosenberg, CEO of mCig, Inc. cancelled an equal amount (2,500,000 shares) of common shares owned by him resulting in a net non-dilutive transaction to existing mCig, Inc. shareholders. The remaining 2,500,000 of common shares owned by Paul Rosenberg will be cancelled on the one year anniversary of the agreement on January 23, 2015, to offset the 2,500,000 new shares to be issued from the treasury for the completion of the acquisition of Vapolution. Since only half of the agreed upon shares had been paid out by mCig, Inc. to the previous owners of Vapolution, Inc. as on July 31, 2014 as part of the agreed upon purchase price, only half of the purchase price (\$625,000) was reported on the Company's balance sheet as Investment in Vapolution, Inc. at the quarter end date. The remaining purchase price of 2,500,000 shares will be recognized in the amount of \$625,000 on the Company's balance sheet on the commencement date of January 23, 2015. At that time, mCig intends to satisfy all requirements necessary to consolidate Vapolution's audited year-end results as part of its financials.

On May 23, 2014, the parties to the agreement agreed to amend the original Stock Purchase Agreement. Per the amended Stock Purchase Agreement executed as of May 23, 2014, a clarification was made to the agreement that more appropriately expresses the spirit of the transaction as agreed upon by management of mCig and the previous owners of Vapolution, Inc. As a result, one of the changes in the agreement is the disclosure that all of Vapolution's assets were in-fact purchased by mCig as part of this agreement.

The following is a summary of the changes to the agreement:

1. In the amended agreement, former Vapolution, Inc. shareholders have autonomous control over the day-to-day operations of the Company (subsequently revised to permit day to day oversight but have mCig and the Vapolution retain the ultimate control over the business) while the Board of Directors of mCig, Inc. will have ultimate control over the business decisions within Vapolution, Inc. This differs from the original agreement whereby Vapolution, Inc. former shareholders had the ability to veto any decision made by mCig, Inc.
2. The Amended Agreement states that as part of the acquisition, all tangible and intangible assets of Vapolution, Inc. are included as part of the acquisition. This differs from the original agreement whereby the assets of Vapolution, Inc. were not acquired by mCig, Inc.
3. In the amended agreement, former Vapolution, Inc. shareholders have just one (1) year to rescind the agreement and return to full ownership of the Company as opposed to five (5) in the original agreement.

On August 7, 2014, a further amendment was made to permit the Board of Directors of mCig to appoint their designee as the only members of the Board of Directors of Vapolution. mCig appointed Paul Rosenberg as the sole director of Vapolution. mCig agreed to provide employment or consulting agreements to the prior owners of Vapolution in order for them to manage the day to day operations.

Risk Factors

While the amended Vapolution, Inc. acquisition agreement provides mCig, Inc. with control of Vapolution, Inc. and its assets, several risk factors must still be considered:

1. mCig's role is one that mirrors an administrator while the prior management runs the day-to-day operations of the Vapolution, Inc. As such, we run the risk that previous management in-charge of the day-to-day operations at Vapolution, Inc. make decisions that are not aligned with the vision of mCig's Board of Directors or Vapolution, Inc.'s Board of Directors.
2. There is no way to guarantee that the previous owners of Vapolution, Inc. will make decisions that are in the best interest of Vapolution, Inc. as an mCig, Inc. controlled subsidiary. To ensure themselves in the best manner possible, the previous owners of Vapolution are guaranteed the first \$110,000 of Earnings before Interest Tax Depreciation and Amortization from the yearly profits of Vapolution, Inc.
3. Since the entire transaction for the purchase of Vapolution was in the form of 5,000,000 shares of mCig, Inc. common stock shares, the Board of Directors believes that it would be in the management's best interest to improve Vapolution, Inc.'s performance, since this would directly have a moderate effect on the price of mCig, Inc.'s common stock share price.
4. After the one year period, the previous owners of Vapolution may rescind the purchase agreement and retain full ownership of Vapolution. After January 23, 2015, the previous owners will be unable to rescind the agreement.

The primary reasons for the acquisition of Vapolution per ASC 805-10-50-2(d) can be summarized by the following:

1. We believe Vapolution has been a leader in its industry since the company's inception in the early 2000's. After years of sustained success and consistent revenue streams and profitability, financial performance peaked and for the first time since inception, revenues fell flat. At this stage, management realized that unless fundamental changes were implemented and the trend reversed significant market share could be lost permanently. That is why the transaction with mCig made sense for both parties. In its acquisition of Vapolution, mCig acquired more than just a successful brand and an exemplary product. mCig also acquired a team of two fantastic engineers that were very familiar with the industry and well respected by their peers. Vapolution, Inc. management recognized that by aligning with mCig, Inc. the combined companies would be stronger, have substantial cost-synergies, as well as growth-synergies. Meanwhile, administration, accounting, and fulfillment could be streamlined and consolidated while the team at Vapolution could return to what they do best which was creating great products.
2. By agreeing to join forces with mCig, Vapolution's management agreed to allow mCig to run the marketing side, while they turned all of their focus on developing the third generation Vapolution product. Since mCig is not a direct competitor to Vapolution, this acquisition made further sense as it added another revenue stream for the company while allowing mCig, Inc. to expand into the home-use vaporizer segment.

Government Regulation

Based on the December 2010 U.S. Court of Appeals for the D.C. Circuit's decision in *Sottera, Inc. v. Food & Drug Administration*, 627 F.3d 891 (D.C. Cir. 2010), the United States Food and Drug Administration (the "FDA") is permitted to regulate electronic cigarettes as "tobacco products" under the Family Smoking Prevention and Tobacco Control Act of 2009 (the "Tobacco Control Act"). Under this Court decision, the FDA is not permitted to regulate electronic cigarettes as "drugs" or "devices" or a "combination product" under the Federal Food, Drug and Cosmetic Act unless they are marketed for therapeutic purposes.

Because we do not market our electronic cigarettes for therapeutic purposes, and our electronic cigarettes do not contain nicotine, we believe that our products should not fall under the regulatory oversight of the FDA. Nevertheless we believe it is important for any existing or potential investors to understand recent trends in government regulation relating to nicotine-based electronic cigarettes.

The Tobacco Control Act grants the FDA broad authority over the manufacture, sale, marketing and packaging of tobacco products, although the FDA is prohibited from issuing regulations banning all cigarettes or all smokeless tobacco products, or requiring the reduction of nicotine yields of a tobacco product to zero.

The Tobacco Control Act also requires establishment, within the FDA's new Center for Tobacco Products, of a Tobacco Products Scientific Advisory Committee to provide advice, information and recommendations with respect to the safety, dependence or health issues related to tobacco products.

The Tobacco Control Act imposes significant new restrictions on the advertising and promotion of tobacco products. For example, the law requires the FDA to finalize certain portions of regulations previously adopted by the FDA in 1996 (which were struck down by the Supreme Court in 2000 as beyond the FDA's authority). As written, these regulations would significantly limit the ability of manufacturers, distributors and retailers to advertise and promote tobacco products, by, for example, restricting the use of color, graphics and sound effects in advertising, limiting the use of outdoor advertising, restricting the sale and distribution of non-tobacco items and services, gifts, and sponsorship of events and imposing restrictions on the use for cigarette or smokeless tobacco products of trade or brand names that are used for non-tobacco products. The law also requires the FDA to issue future regulations regarding the promotion and marketing of tobacco products sold or distributed over the internet, by mail order or through other non-face-to-face transactions in order to prevent the sale of tobacco products to minors.

It is likely that the Tobacco Control Act could result in a decrease in tobacco product sales in the United States, including sales of our electronic cigarettes.

While the FDA has not yet mandated electronic cigarettes be regulated as tobacco products, during 2012, the FDA indicated that it intends to regulate electronic cigarettes under the Tobacco Control Act through the issuance of deeming regulations that would include electronic cigarettes under the definition of a "tobacco product" under the Tobacco Control Act subject to the FDA's jurisdiction. The FDA initially announced that it would issue proposed deeming regulations by April 2013 and then extended the deadline to October 31, 2013. As of the date of this prospectus, the FDA had not taken such action.

The application of the Tobacco Control Act to electronic cigarettes could impose, among other things, restrictions on the content of nicotine in electronic cigarettes, the advertising, marketing and sale of electronic cigarettes, the use of certain flavorings and the introduction of new products. We cannot predict the scope of such regulations or the impact they may have on our company specifically or the electronic cigarette industry generally, though if enacted, they could have a material adverse effect on our business, results of operations and financial condition.

In this regard, total compliance and related costs are not possible to predict and depend substantially on the future requirements imposed by the FDA under the Tobacco Control Act. Costs, however, could be substantial and could have a material adverse effect on our business, results of operations and financial condition. In addition, failure to comply with the Tobacco Control Act and with FDA regulatory requirements could result in significant financial penalties and could have a material adverse effect on our business, financial condition and results of operations and ability to market and sell our products. At present, we are not able to predict whether the Tobacco Control Act will impact us to a greater degree than competitors in the industry, thus affecting our competitive position.

State and local governments currently legislate and regulate tobacco products, including what is considered a tobacco product, how tobacco taxes are calculated and collected, to whom and by whom tobacco products can be sold and where tobacco products may or may not be smoked. Certain municipalities have enacted local ordinances which preclude the use of electronic cigarettes where traditional tobacco burning cigarettes cannot be used and certain states have proposed legislation that would categorize electronic cigarettes as tobacco products, equivalent to their tobacco burning counterparts. If these bills become laws, electronic cigarettes may lose their appeal as an alternative to cigarettes; which may have the effect of reducing the demand for our products and as a result have a material adverse effect on our business, results of operations and financial condition.

The Tobacco industry expects significant regulatory developments to take place over the next few years, driven principally by the World Health Organization's Framework Convention on Tobacco Control ("FCTC"). The FCTC is the first international public health treaty on tobacco, and its objective is to establish a global agenda for tobacco regulation with the purpose of reducing initiation of tobacco use and encouraging cessation. Regulatory initiatives that have been proposed, introduced or enacted include:

- the levying of substantial and increasing tax and duty charges;
- restrictions or bans on advertising, marketing and sponsorship;
- the display of larger health warnings, graphic health warnings and other labeling requirements;
- restrictions on packaging design, including the use of colors and generic packaging;
- restrictions or bans on the display of tobacco product packaging at the point of sale, and restrictions or bans on cigarette vending machines;
- requirements regarding testing, disclosure and performance standards for tar, nicotine, carbon monoxide and other smoke constituents levels;
- requirements regarding testing, disclosure and use of tobacco product ingredients;
- increased restrictions on smoking in public and work places and, in some instances, in private places and outdoors;
- elimination of duty free allowances for travelers; and
- encouraging litigation against tobacco companies.

If electronic cigarettes are subject to one or more significant regulatory initiatives enacted under the FCTC, our business, results of operations and financial condition could be materially and adversely affected.

Results of Operations

Our operating results and cash flows are presented for the three months ended July 31, 2014 and 2013.

Our operating results for the three months ended July 31, 2014 and 2013 are summarized as follows:

	For the three months ended July 31, 2014		For the three months ended July 31, 2013	
Revenue	\$	195,565	\$	12,500
Cost of Goods Sold		97,434		-
Gross Profit		98,131		12,500
Expenses		1,154,956		19,587
Net Loss	\$	(1,056,825)	\$	(7,087)

Revenue and Cost of Goods Sold

Revenues

Our revenues increased to \$195,565 for the three months ended July 31, 2014 compared to \$12,500 for the three months ended July 31, 2013, and for an increase of \$183,065. The increase in revenue is attributed to the launch of our primary product the mCig 2.0 in January 2014. Revenues consist primarily of results from the sales of the electronic cigarettes, components for electronic cigarettes and related accessories.

Sales of the electronic cigarettes of mCig for the three months ended July 31, 2014 and 2013 were \$107,446 and \$0, respectively. Significant increase in sales is mainly due to the launch of the new mCig's products.

Sales of the VitaCig electronic vaporizing cigarettes for the three months ended July 31, 2014 and 2013 were \$88,119 and \$0, respectively. The Company was incorporated on January 22, 2014 and has launched its product in April.

These sales do not include any sales for Vapolution, Inc. which is being held as an investment.

Our revenue recognition policy is in accordance with generally accepted accounting principles, which requires the recognition of sales when there is evidence of a sales agreement, the delivery of goods has occurred, the sales price is fixed or determinable and the collectability of revenue is reasonably assured.

Cost of Goods Sold

Cost of goods sold for the three months ended July 31, 2014 and 2013 were \$97,435 and \$0 respectively. The increase is primarily due to the launch of our new business and sales of the mCig's and VitaCig's electronic cigarettes.

Cost of goods sold for mCig, Inc. for the three months ended July 31, 2014 and 2013 were \$49,876 and \$0, respectively. And cost of goods sold for VitaCig, Inc. for the three months ended July 31, 2014 and 2013 were \$47,558 and \$0, respectively.

Operating Expenses

Our total operation expenses for the three months ended July 31, 2014 and 2013 were \$1,154,956 and \$19,587, respectively, an increase of \$1,135,369, or approximately 98%. The increase is primarily due to the increase of the professional fees, stock-based compensation and general and administrative expenses.

Our total operation expenses for the three months ended July 31, 2014 consisted of \$15,416 of professional fees, \$1,624 of travel expenses, \$1,859 of amortization, \$91,101 of general and administrative expenses and \$1,044,956 of share-based compensation. Our general and administrative expenses consist of bank charges, advertising and promotion, rent, computer and internet expenses, postage and delivery and other expenses. For the three months ended July 31, 2013 our incurred total operation expenses consisted of \$9,225 of professional fees, \$1,294 of amortization, and \$9,068 of general and administrative expenses.

Total operating expenses for mCig, Inc. for the three months ended July 31, 2014 were \$1,121,910 and consisted of \$10,600 of professional fees, \$1,626 of amortization, \$1,624 of travel, \$63,104 of general and administrative expenses and \$1,044,956 of stock based compensation. Total operating expenses for VitaCig, Inc. for the three months ended July 31, 2014 were \$33,046 and consisted of \$4,816 of professional fees, \$233 of amortization and \$27,997 of general and administrative expenses. The general and administrative expenses consist of bank charges, computer and internet expenses, postage and delivery and telephone expenses.

Net loss for the three months ended July 31, 2014 and 2013 was \$1,056,825 and \$7,087, respectively, an increase of \$1,049,738 as a result of the items discussed above.

Liquidity and Financial ConditionWorking Capital

	As at July 31, 2014	As at July 31, 2013	Change
Current Assets	\$ 2,162,672	\$ 3,874	\$ 2,158,798
Current Liabilities	\$ 6,943	\$ 64,175	\$ (57,232)
Working Capital	\$ 2,155,729	\$ (60,301)	\$ 2,216,030

Cash Flows

	For the Three Months Ended July 31, 2014	For the Three Months Ended July 31, 2013
Net Cash Used in Operating Activities	\$ (130,044)	\$ (20,293)
Net Cash Used by Investing Activities	\$ (2,800)	\$ (3,733)
Net Cash Provided by (Used In) Financing Activities	\$ -	\$ 24,300
Net Increase (Decrease) in Cash During the Period	\$ (132,844)	\$ 274

Off-Balance Sheet Arrangements

As of July 31, 2014, we had no off balance sheet transactions that have or are reasonably likely to have a current or future effect on our financial condition, changes in our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

ITEM 3. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 4. CONTROLS AND PROCEDURESEvaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within

the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our sole officer, as appropriate to allow timely decisions regarding required disclosure. We carried out an evaluation, under the supervision and with the participation of our sole officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of July 31, 2014. Based on the evaluation of these disclosure controls and procedures, our sole officer concluded that our disclosure controls and procedures are ineffective.

During the quarter, ended July 31, 2014, the Company identified a deficiency in the Company's internal control over financial reporting that constitutes a material weakness as of July 31, 2014. Specifically, our management review controls failed to detect errors in the Form 10-Q. The Company omitted to record the stock compensation expense of \$18,083, issued to Company's employees in consideration for services rendered. As a result of this material weakness, management concluded that we did not maintain effective control over financial reporting as of July 31, 2014.

We will remediate the above identified material weakness and improve our internal control system including: improving processes, implementing additional controls and increased precision around management's review controls. The management team will also provide guidance to employees to ensure clear understanding of the controls and procedures. The firm will utilize its technology to assist in the process of overseeing its business practices.

Changes in internal controls

There were no changes in our internal control over financial reporting, as defined in Rule 13a-15(f) promulgated under the Exchange Act, during the quarter ended July 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Management is not aware of any legal proceedings contemplated by any governmental authority or any other party against us. None of our directors, officers or affiliates are (i) a party adverse to us in any legal proceedings, or (ii) have an adverse interest to us in any legal proceedings. Management is not aware of any other legal proceedings that have been threatened against us.

ITEM 1A. RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

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

On September 17, 2013, we authorized the issuance of 60,000 restricted shares of common stock at \$0.21 per share to company's consultant for professional services rendered in order to promote the company via social media. These shares were valued at \$12,600 based on the price on the date of grant. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act of 1933 by virtue of Section 4(2) thereof, as a transaction by an issuer not involving a public offering.

On October 18, 2013, we authorized the issuance of 30,000 restricted shares of common stock at \$0.11 per share to company's consultants for professional services rendered in order to promote the company via social media. These shares were valued at \$3,300 based on the price on the date of grant. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act of 1933 by virtue of Section 4(2) thereof, as a transaction by an issuer not involving a public offering.

On November 15, 2013, we authorized the issuance of 45,000 restricted shares of common stock at \$0.07 per share to company's consultants for professional services rendered in order to promote the company via social media. These shares were valued at \$3,150 based on the price on the date of grant. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act of 1933 by virtue of Section 4(2) thereof, as a transaction by an issuer not involving a public offering.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

N/A

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
31.1	Certification of the Chief Executive Officer and Chief Financial Officer Pursuant to Rule 13a-14 or 15d-14 of the Exchange Act pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the Registrant has duly caused this Quarterly Report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: September 26, 2014

/s/ Paul Rosenberg

Paul Rosenberg
President, Chief Executive Officer, Chief
Financial Officer, Treasurer, and Director
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
RULE 13A-14(a) OR 15D-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 200**

I, Paul Rosenberg, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of mCig 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. I am 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. I have disclosed, based on my 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.

Dated: September 26, 2014

/s/ Paul Rosenberg

Paul Rosenberg

President, Chief Executive Officer, Chief
Financial Officer, Treasurer and Director

(Principal Executive Officer, Principal
Financial Officer and Principal Accounting
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 Report of mCig, Inc. (the "Company") on Form 10-Q for the period ended July 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul Rosenberg, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

1. The Report 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 Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: September 26, 2014

/s/ Paul Rosenberg

Paul Rosenberg

President, Chief Executive Officer, Chief Financial Officer,
Treasurer and Director

(Principal Executive Officer, Principal Financial Officer and
Principal Accounting Officer)