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 quarter ended June 30, 2017

☐ **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: 001-38013

iFresh Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**82-066764**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2-39 54th Avenue
Long Island City, New York
(Address of principal executive offices)

(718) 628 6200
(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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, 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	☐ (Do not check if a smaller reporting company)	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 August 11, 2017, 14,123,032 shares of the registrant's Common Stock, par value $0.0001 per share, were issued and outstanding.

iFRESH, INC.

FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2017

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

iFRESH INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	June 30, 2017	March 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,173,203	$ 2,508,362
Accounts receivable, net	2,527,238	2,272,011
Inventories, net	11,084,727	9,796,984
Prepaid expenses and other current assets	1,159,666	981,017
Advances to related parties	15,712,108	14,852,083
Total current assets	31,656,942	30,410,457
Property and equipment, net	9,190,075	9,290,674
Intangible assets, net	1,266,668	1,300,001
Security deposits	972,376	912,346
Deferred income taxes	377,554	86,799
Total assets	$ 43,463,615	$ 42,000,277
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 12,758,877	12,364,071
Deferred revenue	207,387	206,737
Bank loans, current, net	1,088,024	1,144,568
Notes payable, current	265,828	262,578
Capital lease obligations, current	58,413	51,376
Accrued expenses	812,873	730,392
Taxes payable	1,769,398	1,769,398
Other payables, current	525,797	501,213
Total current liabilities	17,486,597	17,030,333
Bank loans, non-current, net	13,561,017	12,779,838
Notes payable, non-current	406,833	379,376
Capital lease obligations, non-current	81,180	59,907
Deferred rent	5,587,433	5,424,134
Other payables, non-current	49,800	34,800
Total liabilities	37,172,860	35,708,388
Commitments and contingencies		
Shareholders' equity		
Preferred shares, $.0001 par value, 1,000,000 shares authorized; none issued.	-	-
Common stock, $0.0001 par value; 100,000,000 shares authorized, 14,123,033 and 14,103,033 shares issued and outstanding as of June 30, 2017 and March 31, 2017, respectively	1,412	1,410
Additional paid-in capital	9,342,423	9,075,025
Accumulated deficit	(3,053,080)	(2,784,546)
Total shareholders' equity	6,290,755	6,291,889
Total liabilities and shareholders' equity	$ 43,463,615	42,000,277

See accompanying notes to the unaudited condensed consolidated financial statements

iFRESH INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the three months ended June 30, 2017	For the three months ended June 30, 2016
Net sales	$ 30,127,855	$ 28,685,300
Net sales-related parties	2,400,671	1,604,592
Total net sales	32,528,526	30,289,892
Cost of sales	21,702,740	20,778,908
Cost of sales-related parties	1,991,930	1,331,392
Occupancy costs	1,942,842	1,840,067
Gross profit	6,891,014	6,339,525
Selling, general and administrative expenses	7,484,823	6,225,909
Income (Loss) from operations	(593,809)	113,616
Interest expenses, net	(167,539)	(43,574)
Other income	201,905	245,238
Income(Loss) before income taxes	(559,443)	315,280
Income tax provision (benefit)	(290,910)	137,535
Net income (Loss)	$ (268,533)	$ 177,745
Net income (loss) per share:		
Basic	$ (0.02)	$ 0.01
Diluted	$ (0.02)	$ 0.01
Weighted average shares outstanding:		
Basic	14,116,589	12,000,000
Diluted	14,116,589	12,000,000

See accompanying notes to the unaudited condensed consolidated financial statements

iFRESH INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Three months Ended	
	June 30, 2017	June 30, 2016
Cash flows from operating activities		
Net income (Loss)	$ (268,533)	$ 177,745
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	403,061	379,557
Amortization expense	78,958	33,333
Deferred income tax expense (benefit)	(290,755)	51,848
Stock based compensation	267,400	-
Changes in operating assets and liabilities:		
Accounts receivable	(255,227)	90,555
Inventories	(1,287,743)	(1,382,313)
Prepaid expenses and other current assets	(178,647)	(193,011)
Security deposits	(60,031)	168,695
Accounts payable	394,804	1,978,885
Deferred revenue	650	21,987
Accrued expenses	82,481	238,192
Taxes payable	-	(189,973)
Deferred rent	163,299	155,191
Other liabilities	39,584	(98,529)
Net cash provided by (used in) operating activities	(910,699)	1,432,162
Cash flows from investing activities		
Advances to related parties	(860,025)	(1,238,905)
Acquisition of property and equipment	(165,018)	(436,162)
Net cash used in investing activities	(1,025,043)	(1,675,067)
Cash flows from financing activities		
Borrowings against lines of credit	1,000,000	200,000
Repayments on lines of credit borrowings	(320,990)	(104,527)
Borrowings on notes payable	-	157,820
Repayments on notes payable	(65,887)	(61,259)
Payments on capital lease obligations	(12,540)	(13,426)
Net cash provided by financing activities	600,583	178,608
Net decrease in cash and cash equivalents	(1,335,159)	(64,297)
Cash and cash equivalents at beginning of the period	2,508,362	551,782
Cash and cash equivalents at the end of the period	$ 1,173,203	$ 487,485
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 120,446	$ 43,634
Cash paid for income taxes	$ -	$ 280,001
Supplemental disclosure of non-cash investing and financing activities		
Capital expenditures funded by capital lease obligations and notes payable	$ 137,443	$ 157,820

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

iFRESH INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Description of Business

Organization and General

iFresh Inc. (“iFresh”) is a Delaware company incorporated in July 2016 in order to reincorporate E-Compass Acquisition Corp. (“E-Compass”) to Delaware pursuant to the Merger Agreement (as defined below under “Redomestication”). E-Compass was incorporated in Cayman Islands on September 23, 2014 as a blank check company whose objective is to enter into a merger, share exchange, asset acquisition, share purchase, recapitalization, reorganization or other similar business combination with one or more businesses or entities, or entering into contractual arrangements that gives E-Compass control over such a target business (a “Business Combination”).

Redomestication

On July 25, 2016, iFresh entered into the Merger Agreement with E-Compass , iFresh Merger Sub Inc. (“Merger Sub”), a Delaware corporation and wholly owned subsidiary of iFresh, and NYM Holding, Inc. (“NYM”), the stockholders of NYM, and Long Deng, as representative of the stockholders of NYM. Pursuant to the terms of the Merger Agreement, on February 10, 2017, E-Compass would merge with and into iFresh in order to redomesticate E-Compass into Delaware (the “Redomestication Merger”). At the time of the Redomestication, each E-Compass ordinary share was converted into one share of common stock of iFresh and each E-Compass Right was converted into one substantially equivalent right (“iFresh Right”) to receive one-tenth (1/10) of a share of iFresh common stock on the consummation of the Business Combination. In connection with the Redomestication, E-Compass ceased to exist and iFresh is the surviving corporation and successor registrant that will continue to file reports under Section 12(b) of the Securities Exchange Act of 1934.

Business Combination

On February 10, 2017, after the Redomestication Merger, Merger Sub merged with and into NYM, resulting in NMY being a wholly owned subsidiary of iFresh (the “Merger”). The transaction constituted a business combination. iFresh closed the business combination by paying NYM’s stockholders an aggregate of: (i) $5 million in cash, plus, (ii) 12,000,000 shares of iFresh’s common stock (the deemed value of the shares in the Merger Agreement) as consideration. At closing, iFresh also executed an option agreement to acquire up to additional four supermarkets prior to March 31, 2017 for aggregate consideration of $10 million in cash, less any advances or receivables owed to the Company (see Note 6). The option agreement subsequently expired unexercised.

In connection with the closing, holders of 1,937,967 of the Company’s ordinary shares elected to redeem their shares and iFresh paid $20,154,857 ($10.40 per share in accordance with Redemption Clause) in connection with such redemption. Also on February 10, 2017, iFresh repurchased 1,500,000 of such non-redeemable shares promptly at a purchase price of $10.00 per share according to an agreement with Handy Global Limited signed on January 11, 2017. On February 10, 2017, iFresh entered into an agreement to repurchasee 200,000 shares of its common stock from Lodestar Investment Holdings Corporation for $200.00. At the closing of the Redomestication Merger: (i) one share of iFresh common stock for each share of E-Compass common stock, resulting in 1,872,033 non-redeeming E-Compass common stock being converted into iFresh common stock; (ii) each ten E-Compass rights were converted into one share of common stock of iFresh, resulting in 4,310,010 E-Compass rights automatically converting into 431,000 shares of the iFresh’s common stock.

Prior to the closing of the Redomestication Merger and Business Combination, there were 5,310,000 E-Compass shares issued and outstanding. After the redemption of 1,937,967 shares, the repurchase of 1,700,000 shares and the conversion of 4,310,010 E-Compass rights into 431,000 shares, there were 2,103,033 shares of E-Compass’s common stock being re-domesticated into the iFresh’s common stock. With the new issuance of the 12,000,000 shares of iFresh’s common stock in connection with the Business Combination, there were a total of 14,103,033 shares of iFresh’s common stock issued and outstanding after the business combination.

The above-mentioned business combination with NYM will be accounted for as a reverse acquisition at the date of the consummation of the transaction since the shareholders of NYM own at least 83.9% of the outstanding ordinary shares of iFresh immediately following the completion of the transaction. Accordingly, NYM will be deemed to be the accounting acquirer in the transaction and, consequently, the transaction is treated as a recapitalization of NYM. As a result, following the Business Combination, the historical financial statements of NYM and its subsidiaries are treated as the historical financial statements of the combined company. Accordingly, the assets and liabilities and the historical operations that will be reflected in the iFresh financial statements after consummation of the transaction will be those of NYM and will be recorded at the historical cost basis of NYM. NYM's assets, liabilities and results of operations will be consolidated with the assets, liabilities and results of operations of iFresh upon consummation of the transaction.

iFresh, NYM and its subsidiaries (herein collectively referred to as the "Company") is an Asian/Chinese supermarket chain with multiple retail locations and its own distribution operations, all located along the East Coast of the United States. The Company offers seafood, vegetables, meat, fruit, frozen goods, groceries, and bakery products through its retail stores.

2. Basis of Presentation and Principles of Consolidation

The Company's unaudited condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The unaudited condensed consolidated financial statements include the financial statements of iFresh, NYM and its subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

The unaudited interim financial information as of June 30, 2017 and for the three months ended June 30, 2017 and 2016 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 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 audited consolidated financial statements and the notes thereto for the fiscal year ended March 31, 2017.

In the opinion of management, all adjustments (which include normal recurring adjustments) necessary to present a fair presentation of the Company's financial position as of June 30, 2017, its results of operations and its cash flows for the three months ended June 30, 2017 and 2016, as applicable, have been made. The unaudited interim results of operations are not necessarily indicative of the operating results for the full fiscal year or any future periods.

The Company has two reportable and operating segments. The Company's Chief Executive Officer is the Chief Operating Decision Maker ("CODM"). The CODM bears ultimate responsibility for, and is actively engaged in, the allocation of resources and the evaluation of the Company's operating and financial results.

3. Summary of Significant Accounting Policies

Significant Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's critical accounting estimates included, but are not limited to: allowance for estimated uncollectible receivables, inventory valuations, lease assumptions, impairment of long-lived assets, impairment of intangible assets, and income taxes. Actual results could differ from those estimates.

Reclassification

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

Restricted Cash

Restricted cash represents cash held by depository banks in order to comply with the provisions of certain debt agreements.

Accounts Receivable

Accounts receivables consist primarily of uncollected amounts from customer purchases (primarily from the Company’s two distribution operations), credit card receivables, and food stamp vouchers and are presented net of an allowance for estimated uncollectible amounts.

The Company periodically assesses its accounts receivable for collectability on a specific identification basis. If collectability of an account becomes unlikely, an allowance is recorded for that doubtful account. Once collection efforts have been exhausted, the account receivable is written off against the allowance.

Inventories

Inventories consist of merchandise purchased for resale, which are stated at the lower of cost or market. The cost method is used for wholesale and retail perishable inventories by assigning costs to each of these items based on a first-in, first-out (FIFO) basis (net of vendor discounts).

The Company’s wholesale and retail non-perishable inventory is valued at the lower of cost or market using weighted average method.

Operating Leases

The Company leases retail stores, warehouse facilities and administrative offices under operating leases. Incentives received from lessors are deferred and recorded as a reduction of rental expense over the lease term using the straight-line method. Store lease agreements generally include rent escalation provisions. The Company recognizes escalations of minimum rents as deferred rent and amortizes these balances on a straight-line basis over the term of the lease.

Capital Lease Obligations

The Company has recorded capital lease obligations for equipment leases at both June 30, 2017 and March 31, 2017. In each case, the Company was deemed to be the owner under lease accounting guidance. Further, each lease contains provisions indicating continuing involvement with the equipment at the end of the lease period. As a result, in accordance with applicable accounting guidance, related assets subject to the leases are reflected on the Company's consolidated balance sheets and amortized over the lesser of the lease term or their remaining useful lives. The present value of the lease payments associated with the equipment is recorded as capital lease obligations.

Deferred financing costs

The Company presents deferred financing costs as a reduction of the carrying amount of the debt rather than as an asset. Deferred financing costs are amortized over the term of the related debt using the effective interest method and reported as interest expense in the consolidated financial statements.

Fair Value Measurements

The Company records its financial assets and liabilities in accordance with the framework for measuring fair value in accordance with U.S GAAP. This framework establishes a fair value hierarchy that prioritizes the inputs used to measure fair value:

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Fair value measurements of nonfinancial assets and nonfinancial liabilities are primarily used in the impairment analysis of intangible assets and long-lived assets.

Cash and cash equivalents, restricted cash, accounts receivable, prepaid expenses and other current assets, advances to related parties, accounts payable, deferred revenue and accrued expenses approximate fair value because of the short maturity of those instruments. Based on comparable open market transactions, the fair value of the lines of credit and other liabilities, including current maturities, approximated their carrying value as of June 30, 2017 and March 31, 2017, respectively. The Company's estimates of the fair value of line of credit and other liabilities (including current maturities) were classified as Level 2 in the fair value hierarchy.

Revenue Recognition

For retail sales, revenue is recognized at the point of sale. Discounts provided to customers at the time of sale are recognized as a reduction in sales as the discounted products are sold. Sales taxes are not included in revenue. Proceeds from the sale of coupons are recorded as a liability at the time of sale, and recognized as sales when they are redeemed by customers. For wholesales sales, revenue is recognized at the date of shipment to customers when a formal arrangement exists, the price is fixed or determinable, the delivery is completed, the Company has no other obligations and collectability is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are recorded as customer deposits.

Recently Issued Accounting Pronouncements

In May 2016, the FASB issued ASU 2016-11, "Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting", The amendments rescinds SEC paragraphs pursuant to two SEC Staff Announcements at the March 3, 2016 Emerging Issues Task Force (EITF) meeting. Specifically, registrants should not rely on the following SEC Staff Observer comments upon adoption of Topic 606: 1) Revenue and Expense Recognition for Freight Services in Process, which is codified in paragraph 605-20-S99-2; 2) Accounting for Shipping and Handling Fees and Costs, which is codified in paragraph 605-45-S99-1; 3) Accounting for Consideration Given by a Vendor to a Customer (including Reseller of the Vendor's Products), which is codified in paragraph 605-50-S99-1; 4) Accounting for Gas-Balancing Arrangements (i.e., use of the "entitlements method"), which is codified in paragraph 932-10-S99-5, which is effective upon adoption of ASU 2014-09. The Company expects that the adoption of this ASU would not have a material impact on the Company's consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments" ("ASU 2016-15"), which reduces the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows under Topic 230. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Company expects that the adoption of this ASU would not have a material impact on the Company's consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfer of Assets Other than Inventory", which requires the recognition of the income tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs. For public business entities, the amendments in this ASU are effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within those annual reporting periods. For all other entities, the amendments in this ASU are effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual periods beginning after December 15, 2019. Early adoption is permitted. The amendments in this ASU should be adopted on a modified retrospective basis. The Company does not expect that adoption of this guidance will have a material impact on its consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-17, "Consolidation (Topic 810): Interests Held through Related Parties That Are under Common Control". The amendments affect reporting entities that are required to evaluate whether they should consolidate a variable interest entity in certain situations involving entities under common control. Specifically, the amendments change the evaluation of whether a reporting entity is the primary beneficiary of a variable interest entity by changing how a reporting entity that is a single decision maker of a variable interest entity treats indirect interests in the entity held through related parties that are under common control with the reporting entity. The amendments are effective for public business entities for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2016, and interim reporting periods within fiscal years beginning after December 15, 2017. Early adoption is permitted. The Company does not expect that adoption of this guidance will have a material impact on its consolidated financial statements and related disclosures.

In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows: Restricted Cash". The amendments address diversity in practice that exists in the classification and presentation of changes in restricted cash on the statement of cash flows. The amendment is effective for public companies for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, including an adoption in an interim period. The amendments in this update should be applied using a retrospective transition method to each period presented. The adoption of this ASU on the statement of cash flows will increase cash and cash equivalents by the amount of the restricted cash on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business". The amendments in this ASU clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. Basically these amendments provide a screen to determine when a set is not a business. If the screen is not met, the amendments in this ASU first, require that to be considered a business, a set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output and second, remove the evaluation of whether a market participant could replace missing elements. These amendments take effect for public businesses for fiscal years beginning after December 15, 2017 and interim periods within those periods, and all other entities should apply these amendments for fiscal years beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. The Company does not expect that adoption of this guidance will have a material impact on its consolidated financial statements.

No other new accounting pronouncements issued or effective had, or are expected to have, a material impact on the Company's consolidated financial statements.

4. Accounts Receivable

A summary of accounts receivable, net is as follows:

	June 30, 2017	March 31, 2017
Customer purchases	$ 2,352,195	$ 2,133,689
Credit card receivables	145,749	134,177
Food stamps	81,478	62,900
Others	35,821	29,250
Total accounts receivable	2,615,243	2,360,016
Allowance for bad debt	(88,005)	(88,005)
Accounts receivable, net	$ 2,527,238	$ 2,272,011

5. Inventories

A summary of inventories, net is as follows:

	June 30, 2017	March 31, 2017
Non-perishables	$ 9,518,537	$ 8,339,787
Perishables	1,652,147	1,535,777
Inventories	11,170,684	9,875,564
Allowance for slow moving or defective inventories	(85,957)	(78,580)
Inventories, net	$ 11,084,727	$ 9,796,984

6. Advances and receivables - related parties

A summary of advances and receivables - related parties is as follows:

Entities	June 30, 2017	March 31, 2017
New York Mart, Inc.	$ 1,394,366	$ 142,791
New York Mart N. Miami Inc.	5,711,427	6,511,427
Pacific Supermarkets Inc.	727,210	591,404
NY Mart MD Inc.	3,736,166	4,165,339
New York Mart CT Inc.	1,126,006	871,966
iFresh Glen Cove	141,577	-
Advances - related parties	$ 12,836,752	$ 12,282,927
New York Mart, Inc.	482,447	476,884
Pacific Supermarkets Inc.	544,981	604,469
NY Mart MD Inc.	1,786,428	1,426,303
New York Mart CT Inc.	61,500	61,500
Receivables – related parties	2,875,356	2,569,156
Total advances and receivables – related parties	$ 15,712,108	$ 14,852,083

The Company has advanced funds to related parties and accounts receivable due from the related parties with the intention of converting these advances and receivables into deposits towards the purchase price upon planned acquisitions of these entities, which are directly or indirectly owned, in whole or in part, by Mr. Long Deng, the majority shareholder and the Chief Executive Officer of the Company. The accounts receivable due from the related parties relate to the sales to these related parties (see Note 14). The advances and receivables are interest free, repayable on demand, and guaranteed by Mr. Long Deng. Most of these entities are newly established and have limited or no operations since their inception. The Company originally expected to complete acquisitions of these entities prior to March 31, 2017. As of the date of these financial statements, although the Company has not entered into definitive agreements, the Company is expecting to complete the acquisition of New York Mart N. Miami Inc., New York Mart CT Inc. and NY Mart MD Inc. in 2017. The Company has already completed the acquisition of iFresh Glen Cove from Mr. Long Deng in July 2017. The Company does not have current plans to acquire any other entities listed above.

7. Property and Equipment

	June 30, 2017	March 31, 2017
Furniture, fixtures and equipment	$ 12,218,750	$ 12,112,418
Automobiles	2,321,696	2,226,746
Leasehold improvements	2,178,665	2,082,214
Software	6,734	6,734
Total property and equipment	16,725,845	16,428,112
Accumulated depreciation and amortization	(7,535,770)	(7,137,438)
Property and equipment, net	$ 9,190,075	$ 9,290,674

Depreciation expense for the three months ended June 30, 2017 and 2016 was $403,061 and $379,557, respectively.

8. Intangible Assets

A summary of the activities and balances of intangible assets are as follows:

	Balance at March 31, 2017	Additions	Balance at June 30, 2017
Gross Intangible Assets			
Acquired leasehold rights	$ 2,500,000	$ -	$ 2,500,000
Total intangible assets	$ 2,500,000	$ -	$ 2,500,000
Accumulated Amortization			
Total accumulated amortization	$ (1,199,999)	$ (33,333)	$ (1,233,332)
Intangible assets, net	$ 1,300,001	$ (33,333)	$ 1,266,668

Amortization expense was $33,333 and $ 33,333 for the three months ended June 30, 2017 and 2016, respectively. Future amortization associated with the net carrying amount of definite-lived intangible assets is as follows:

Year Ending March 31,	
2018	$ 133,333
2019	133,333
2020	133,333
2021	133,333
2022	133,333
Thereafter	600,003
Total	$ 1,266,668

9. Debt

A summary of the Company's debt is as follows:

	June 30, 2017	March 31, 2017
Revolving Line of Credit-KeyBank National Association	$ 1,000,000	
Less: current portion	-	-
Borrowings against Revolving Line of Credit, non-current	$ 1,000,000	$ -
Term Loan-KeyBank National Association	14,470,291	14,791,281
Less: Deferred financing cost	(821,250)	(866,875)
Less: current portion	(1,088,024)	(1,144,568)
Bank Loan-Term Loan, non-current	$ 12,561,017	$ 12,779,838

KeyBank National Association ("KeyBank") – Senior Secured Credit Facilities

On December 23, 2016, NYM, as borrower, entered into a $25 million senior secured Credit Agreement (the "Credit Agreement") with Key Bank National Association ("Key Bank" or "Lender"). The Credit Agreement provides for (1) a revolving credit of $5,000,000 for making advance and issuance of letter of credit, (2) $15,000,000 of effective date term loan and (3) $5,000,000 of delayed draw term loan. The interest rate is equal to (1) the Lender's "prime rate" plus 0.95%, or (b) the Adjusted LIBOR rate plus 1.95%. Both the termination date of the revolving credit and the maturity date of the term loans are December 23, 2021. The Company will pay a commitment fee equal to 0.25% of the undrawn amount of the Revolving Credit Facility and 0.25% of the unused Delayed Draw Term Loan Facility. $1,000,000 of the revolving credit was used as of June 30, 2017.

$15,000,000 of the term loan has been funded by the lender in January 2017. The Company is required to make fifty-nine consecutive monthly payments of principal and interest in the amount of $142,842 starting from February 1, 2017 and a final payment of the then entire unpaid principal balance of the term loan, plus accrued interest on the maturity date. On December 23, 2016, the Company used the proceeds from the loan term to pay off the outstanding balance under the Bank of America credit line agreement and HSBC line of credit discussed below.

The Delayed Draw Term Loan shall be advanced on the Delayed Draw Funding date, which is no later than December 23, 2021. No withdrawal under the Delayed Draw Term Loan has been made as of June 30, 2017.

The senior secured credit facility is secured by all assets of the Company and is jointly guaranteed by the Company and its subsidiaries and contains financial and restrictive covenants. The financial covenants require NYM to deliver audited consolidated financial statements within one hundred twenty days after the fiscal year end and to maintain a fixed charge coverage ratio not less than 1.1 to 1.0 and senior funded debt to earnings before interest, tax, depreciation and amortization ("EBITDA") ratio less than 3.0 to 1.0 at the last day of each fiscal quarter, beginning with the fiscal quarter ending March 31, 2017. Except as stated below, the senior secured credit facility is subject to customary events of default. It will be an event of default if Mr. Long Deng resigns, is terminated, or is no longer actively involved in the management of NYM and a replacement reasonably satisfactory to the Lender is not made within sixty (60) days after such event takes place.

Maturities of borrowings against the term loan under this credit facility for each of the next five years are as follows:

Year Ending June 30,	
2018	$ 1,088,024
2019	1,208,832
2020	1,246,790
2021	1,285,797
2022	8,819,598
Total	$ 13,649,041

Simultaneously, the Company entered into an escrow agreement with Carnelian Bay Capital Inc. ("CBC"), a stockholder of E-Compass, and Loeb & Loeb LLP, acting as the escrow agent, pursuant to which, the Company agreed to set aside $1,030,000 (the "Escrow Fund") from the proceeds received from the effective date term loan to pay for certain expenses associated with the Merger. As of March 31, 2017, the escrow account has been fully withdrawn for merger expense payments.

10. Notes Payable

Notes payables consist of the following:

	June 30, 2017	March 31, 2017
Expressway Motors Inc.		
Secured by vehicle, 0%, principal of $490 due monthly through April 9, 2019	$ 10,777	$ 12,247
Secured by vehicle, 2.99%, principal and interest of $593 due monthly through February 1, 2021	24,658	25,281
Secured by vehicle, 0%, principal of $515 due monthly through April 24, 2019	11,780	11,780
Southeast Toyota Finance		
Secured by vehicle, 6.84%, principal and interest of $777 due monthly through July 26, 2016	-	-
Hitachi Capital America Corp.		
Secured by vehicle, 6.95%, principal and interest of $2,109 due monthly through September 18, 2019	52,576	57,927
Secured by vehicle, 7.35%, principal and interest of $2,219 due monthly through November 7, 2017	10,892	17,269
Secured by vehicle, 7.10%, principal and interest of $2,094 due monthly through March 28, 2018	18,299	24,186
Secured by vehicle, 6.99%, principal and interest of $2,170 due monthly through March 10,2019	42,781	48,478
Triangle Auto Center, Inc.		
Secured by vehicle, 4.02%, principal and interest of $890 due monthly through January 28, 2021	35,514	37,810
Colonial Buick GMC		
Secured by vehicle, 8.64%, principal and interest of $736 due monthly through February 1, 2020	20,936	22,660
Milea Truck Sales of Queens Inc.		
Secured by vehicle, 8.42%, principal and interest of $4,076 due monthly through July 1, 2019	93,153	103,276
Secured by vehicle, 4.36%, principal and interest of $1,558 due monthly through February 20, 2018	12,260	16,768
Isuzu Finance of America, Inc.		
Secured by vehicle, 6.99%, principal and interest of $2,200 due monthly through October 1, 2018	33,511	39,455
Koeppel Nissan, Inc.		
Secured by vehicle, 3.99%, principal and interest of $612 due monthly through January 18, 2021	24,437	25,790
Secured by vehicle, 0.9%, principal and interest of $739 due monthly through March 14, 2020	24,080	26,310
Secured by vehicle, 7.86%, principal and interest of $758 due monthly through June 1, 2022	37,490	39,025
Lee's Autors, Inc.		
Secured by vehicle, 0.9%, principal and interest of $832 due monthly through July 22, 2017	831	3,321
Silver Star Motors		
Secured by vehicle, 4.22%, principal and interest of $916 due monthly through June 1, 2021	41,150	42,684
BMO		
Secured by vehicle, 5.99%, principal and interest of $1,924 due monthly through July 1, 2020	83,468	87,687
Wells Fargo		
Secured by vehicle, 4.01%, principal and interest of $420 due monthly through December1, 2021	20,710	-
Toyota Finance		
Secured by vehicle, 0%, principal and interest of $1,265 due monthly through April1, 2022	73,358	-
Total Notes Payable	$ 672,661	$ 641,954
Current maturities	(265,828)	(262,578)
Long-term debt, net of current maturities	$ 406,833	$ 379,376

All notes payables are secured by the underlying financed automobiles.

Maturities of the notes payables for each of the next five years are as follows:

Year Ending March 31,		
2018	$	265,828
2019		198,985
2020		105,243
2021		76,898
2022		25,707
Total	$	672,661

11. Capital lease obligations

The following capital lease obligations are included in the condensed consolidated balance sheets:

		June 30, 2017		March 31, 2017
Capital lease obligations:				
Current	$	58,413	$	51,376
Long-term		81,180		59,907
Total obligations	$	139,593	$	111,283

Interest expense on capital lease obligations for the three months ended June 30, 2017 and 2016 amounted to $1,539 and $773, respectively.

Future minimum lease payments under the capital leases are as follows:

Year Ending March 31,		
2018	$	66,140
2019		43,372
2020		33,060
2021		11,849
Total minimum lease payments		154,421
Less: Amount representing interest		(14,828)
Total	$	139,593

12. Segment Reporting

ASC 280, "Segment Reporting", establishes standards for reporting information about operating segments on a basis consistent with the Company's internal organizational structure as well as information about geographical areas, business segments and major customers in financial statements for details on the Company's business segments. The Company uses the "management approach" in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Company's CODM for making operating decisions and assessing performance as the source for determining the Company's reportable segments. Management, including the CODM, reviews operation results by the revenue of different products or services. Based on management's assessment, the Company has determined that it has two operating segments as defined by ASC 280, consisting of wholesale and retail operations.

The primary financial measures used by the Company to evaluate performance of individual operating segments are sales and income before income tax provision.

The following table presents summary information by segment for the three months ended June 30, 2017 and 2016, respectively:

	Three months ended June 30, 2017		
	Wholesale	**Retail**	**Total**
Net sales	$ 6,169,107	$ 26,359,419	$ 32,528,526
Cost of sales	4,794,888	18,899,782	23,694,670
Retail occupancy costs	-	1,942,842	1,942,842
Gross profit	$ 1,374,219	$ 5,516,795	$ 6,891,014
Interest expense, net	$ (9,344)	$ (158,195)	$ (167,539)
Depreciation and amortization	$ 67,805	$ 414,214	$ 482,019
Capital expenditure	$ 13,026	$ 289,435	$ 302,461
Segment income before income tax provision	$ 160,187	$ (719,630)	$ (559,443)
Income tax provision (benefit)	$ 83,297	$ (374,207)	$ (290,910)
Segment assets	$ 10,874,119	$ 32,589,496	$ 43,463,615

	Three months ended June 30, 2016		
	Wholesale	**Retail**	**Total**
Net sales	$ 4,512,010	$ 25,777,882	$ 30,289,892
Cost of sales	3,347,985	18,762,315	22,110,300
Retail occupancy costs	-	1,840,067	1,840,067
Gross profit	$ 1,164,025	$ 5,175,500	$ 6,339,525
Interest expense, net	$ 41,702	$ 1,872	$ 43,574
Depreciation and amortization	$ 51,912	$ 360,978	$ 412,890
Capital expenditure	$ 185,965	$ 250,197	$ 436,162
Segment income before income tax provision	$ (109,230)	$ 424,510	$ 315,280
Income tax provision	$ 4,804	$ 132,731	$ 137,535
Segment assets	$ 10,671,583	$ 20,380,045	$ 31,051,628

13. Income Taxes

iFresh is a Delaware holding company who is subject to the U.S. income tax.

NYM is taxed as a corporation for income tax purposes and as a result of the “Contribution Agreement” entered into in December 31, 2014 NYM has elected to file a consolidated federal income tax return with its eleven subsidiaries. NYM and the shareholders of the eleven entities, as parties to the Contribution Agreement, entered into a tax-free transaction under Section 351 of the Internal Revenue Code of 1986 whereby the eleven entities became wholly owned subsidiaries of the Company. As a result of the tax-free transaction and the creation of a consolidated group, the subsidiaries are required to adopt the tax year-end of its parent, NYM. NYM was incorporated on December 30, 2014 and has adopted a tax-year end of March 31.

Certain of the subsidiaries have incurred net operating losses (“NOL”) in tax years ending prior to the Contribution Agreement. The net operating losses are subject to the Separate Return Limitation Year (“SRLY”) rules which limit the utilization of the losses to the subsidiaries who generated the losses. The SRLY losses are not available to offset taxable income generated by members of the consolidated group.

Based upon management’s assessment of all available evidence, the Company believes that it is more-likely-than-not that the deferred tax assets, primarily for certain of the subsidiaries SRLY NOL carry-forwards will not be realizable; and therefore, a full valuation allowance is established for SRLY NOL carry-forwards. The valuation allowance for deferred tax assets was approximately $788,039 as of June 30, 2017 and $788,039 as of March 31, 2017.

The Company has approximately $2,815,000 and $2,318,000 of US NOL carry forward of which approximately $2,815,000 and $2,318,000 are SRLY NOL as of June 30, 2017 and March 31, 2017, respectively. For income tax purpose, those NOLs will expire in the year 2030 through 2034.

Income Tax Provision

The provision for income taxes consists of the following components:

	Three months ended June 30,	
	2017	**2016**
Current:	.	
Federal	$ -	$ 46,282
State	-	39,405
	-	85,687
Deferred:		
Federal	(187,542)	46,074
State	(103,368)	5,774
	(290,910)	51,848
Total	$ (290,910)	$ 137,535

Tax Rate Reconciliation

Following is a reconciliation of the Company’s effective income tax rate to the United State federal statutory tax rate:

	Three months ended June 30,	
	2017	**2016**
Expected tax at U.S. statutory income tax rate	34%	34%
State and local income taxes, net of federal income tax effect	14%	12%
Other non-deductible fees and expenses	1%	1%
Other	3%	(3%)
Effective tax rate	52%	44%

Deferred Taxes

The effect of temporary differences included in the deferred tax accounts as follows:

	June 30, 2017	March 31, 2017
Deferred Tax Asset/ (Liability):		
Deferred expenses	$ 129,610	$ 123,260
Sec 263A Inventory Cap	243,541	215,248
Deferred rent	2,550,379	2,467,259
Depreciation and amortization	(2,804,303)	(2,718,968)
Net operating losses	1,046,366	788,039
Valuation allowance	(788,039)	(788,039)
Net Deferred Tax Asset (Liability)	$ 377,554	$ 86,799

14. Related-Party Transactions

Management Fees, Advertising Fees and Sale of Non-Perishable and Perishable Products to Related Parties

The following is a detailed breakdown of significant management fees, advertising fees and sale of products for the three months ended June 30, 2017 and 2016 to related parties which are directly or indirectly owned, in whole or in part, by Mr. Long Deng, a majority shareholder, and not eliminated in the consolidated financial statements. In addition, the outstanding receivables due from these related parties as of June 30, 2017 and 2016 were included in advances and receivables – related parties (see Note 6).

Three months ended June 30, 2017

Related Parties	Management Fees	Advertising Fees	Non-Perishable & Perishable Sales
New York Mart, Inc.	$ 13,629	$ 8,427	$ 525,023
Pacific Supermarkets Inc.	20,373	9,207	917,624
NY Mart MD Inc.	13,602	3,010	878,714
Spring Farm Inc.	-	-	1,192
Spicy Bubbles, Inc.	-	-	26,356
Pine Court Chinese Bistro	-	-	51,762
	47,604	$ 20,644	$ 2,400,671

Three months ended June 30, 2016			
Related Parties	Management Fees	Advertising Fees	Non-Perishable & Perishable Sales
New York Mart, Inc.	$ 12,090	$ 2,240	$ 356,452
Pacific Supermarkets Inc.	14,666	3,080	770,124
NY Mart MD Inc.	11,585	-	407,925
Spring Farm Inc.	-	-	2,108
Spicy Bubbles, Inc.	-	-	26,992
Pine Court Chinese Bistro	-	-	40,991
	$ 38,341	$ 5,320	$ 1,604,592

Long-Term Operating Lease Agreement with a Related Party

The Company leases a warehouse from a related party that is owned by Mr. Long Deng, the majority shareholder of the Company, and will expire on April 30, 2026. Rent incurred to the related party was $177,000 and $167,000 for the three months ended on June 30, 2017 and 2016, respectively.

15. Operating Lease Commitments

The Company's leases include stores, office and warehouse buildings. These leases have an average remaining lease term of approximately 10 years as of June 30, 2017.

Rent expense charged to operations under operating leases in the three months ended June 30, 2017 and 2016 totaled $1,684,116 and $1,588,906, respectively.

Future minimum lease obligations for operating leases with initial terms in excess of one year at June 30, 2017 are as follows:

	Non-related parties	Related party	Total
2018	$ 6,508,400	$ 708,000	$ 7,216,400
2019	6,912,916	708,000	7,620,916
2020	7,072,229	708,000	7,780,229
2021	6,999,030	708,000	7,707,030
2022	6,859,699	708,000	7,567,699
Thereafter	54,594,073	2,714,000	57,308,073
Total payments	$ 88,946,347	$ 6,254,000	$ 95,200,347

16. Contingent Liability

The Company is exposed to claims and litigation matters arising in the ordinary course of business and uses various methods to resolve these matters in a manner that the Company believes best serves the interests of its stakeholders. These matters have not resulted in any material losses to date.

Rent Dispute

Ming's Supermarket, Inc. ("Ming"), the subsidiary of the Company, is a tenant at a building located at 140-148 East Berkeley Street, Boston, MA (the "Property"), pursuant to a lease dated September 24, 1999 (the "Lease"). The Lease had a 10-year initial term, followed by an option for two additional 10 year terms. Ming has exercised that first option and the Lease has approximately 15 years remaining to run if the second option is also exercised. The Lease also gives Ming a right of first refusal on any sale of the building.

On February 22, 2015, a sprinkler pipe burst in the Property. This caused the Inspectional Services Department of the City of Boston ("ISD") to inspect the Property. The ISD found a number of problems which have prevented further use of the Property. The ISD notified both landlord and tenant that the Property was only permitted for use as an elevator garage and that its use as a warehouse was never permitted and that a conditional use permit must be obtained from the City of Boston to make such use lawful. Moreover, the Property was found to have major structural issues requiring repair, as well as issues with the elevator and outside glass. The result of the ISD's findings are that Ming was ordered not to use the Property for any purpose unless and until the structural and other repairs are completed and its use as a warehouse is permitted by the Boston Zoning Board.

While the Lease provides that the elevator (approximate cost $400,000) and glass repairs (approximate cost $30,000) are the responsibility of the tenant, the structural repairs (approximate cost $500,000) are the landlord's responsibility under the Lease, unless the structural damage was caused by the tenant's misuse of the Property. In this regard Ming has retained an expert who will testify the structural damage to the building was caused by long term water infiltration and is not the result of anything Ming did. Ming initially sought for the landlord to perform the structural repairs and agreed that upon completion of those repairs, Ming would repair the elevator and the broken glass. In addition, Ming asked the landlord to cooperate in permitting use of the Property as a warehouse.

The landlord refused to either perform structural repairs or to cooperate on the permitting. As a result, as of April 2015, Ming stopped paying the landlord rent, since it was barred from using the Property by order of the ISD. The landlord then sued Ming for breach of the Lease and unpaid rent and Ming counterclaimed for constructive eviction and for damages resulting from the landlord's breach of its duty to perform structural repairs under the Lease.

It would appear the landlord wishes to use the current circumstances to terminate the lease or to cause Ming to abandon it. The Lease is at considerably below market and impairs the landlord’s ability to sell the Property for a high price. The landlord is claiming damages of approximately $470,000 in unpaid rent and additional rent charges under the lease to date, plus for the cost of repairs. Ming is claiming damages in the mount of lost profits of $20,000 to$30,000 per month resulting from the loss if its warehouse space and for the landlord’s failure to undertake its responsibilities under the lease. Ming’s damages also include loss of the benefit of its below market lease. Ming is also seeking an order of the Court directing the landlord to perform the structural repairs.

The parties have been unable to agree on terms of a settlement and a trial will be needed to resolve this matter. A trial date of August 21, 2017 has been scheduled.

Given the complicated fact pattern and myriad of claims and counterclaims, a reasonable and probable estimate as to the potential exposure, if any, cannot be made at this time. While Ming is vigorously contesting any liability on its part for unpaid rent and believes it will recover affirmative damages against the landlord due to Ming’s constructive eviction from the Property, the ultimate outcome of this case is uncertain.

While discovery is ongoing and no guaranties or predications can be made at this time as to ultimate outcome, the Company believes that the facts and the law are favorable for Ming’s as to both its continuing liability for rent and its affirmative claim to recover damages.

Trade order dispute

A lawsuit has been filed against New York Mart Group, Inc. (”NYMG”), a subsidiary of iFresh, and New Sunshine Group, LLC (“New Sunshine”), by SKKR Trading, LLC (“Plaintiff”) for breach of contract and failure to pay. The plaintiff is seeking from NYMG and New Sunshine for principal damages in the amount of $116,878 representing the total amount of invoices Plaintiff is claiming pass due, penalty of $256,000 for the past due invoices and attorney cost which was estimated to be $80,000 to $90,000.

The Plaintiff claimed that NYMG and New Sunshine failed to pay for a shrimp order. NYMG and New Sunshine have raised various defenses, most of which center on the arguments that NYMG and New Sunshine abandoned the Distribution Agreement and did not order, receive or benefit from the shrimp at issue. Rather, the shrimp was ordered by a tenant of NYMG, Hong Hai, who was a completely separate corporation than NYMG or New Sunshine.

The case went to trial on March 12 to15, 2017. On April 17, 2017, the Count ruled in favor of Plaintiff and against NYMG and New Sunshine in the amount of $385,492. NYMG hired a new law firm to appeal the case because it believes that there are new evidences and arguments that NYMG should not be held responsible for these damages. The appeal process will take approximately 1 year. During the appeal, NYMG will not be required to pay the amount under the Final Judgment. While discovery is ongoing and no guaranties or predications can be made at this time as to ultimate outcome, the Company and its attorney believe a fair estimate of the chance the Company will prevail on the appeal of the Final Judgment is approximately 50%.

Most recently on August 11, 2017, approximately $196,000 in funds held in one of New York Mart's bank accounts at TD Bank was ordered by the Court to be frozen until the appeal has been concluded, after plaintiff trying to seize these funds as part of an effort to enforce the aforementioned judgement.

Once the appeal is concluded, the ownership of the $196,000 will be determined. SKKR is not permitted to take any other action to enforce this judgment, including attempting to seize any other funds in the TD Bank accounts, any other funds, any assets owned by NYM. Accordingly, NYM is able to continue to use all bank accounts at TD Bank (with the exception of the frozen $196,000 which has been set aside) without the threat of those accounts being seized by SKKR.

The principal shareholder of the Company, Mr. Long Deng, made a personal pledge to pay for the entire amount of the damage if the appeal is ruled against NYMG. The Company did not accrue any of this potential liability.

The Company evaluates contingencies on an ongoing basis and will establish loss provisions for matters in which losses are probable and the amount of loss can be reasonably estimated, and is not currently a party to any legal proceeding that management believes could have a material adverse effect on the Company's results of operations, cash flows or balance sheet.

17. Subsequent Event

On July 13, 2017, iFresh Inc. (the "Company") acquired Mia Supermarket in Orlando Florida, a 20,370 square-foot grocery store located at 2415 E. Colonial Drive, from Michael Farmers Supermarket, LLC. The new store, which will be called iFresh East. Colonial, will be the first iFresh store in Orlando and the second in Florida. iFresh purchased the supermarket for $1,050,000 in cash. The purchase included the business, lease, equipment and inventory of the store.

Also on July 13, 2017, the Company acquired all of the shares of iFresh Glen Cove Inc. ("Glen Cove") from Long Deng, the Company's Chairman and Chief Executive Officer, for 50,000 shares of the Company's common stock. The transaction was approved by the Company's independent audit committee and the price was agreed to be based upon a review of the assets and financial statements of Glen Cove. Glen Cove is a 22,859 square foot brand new store being setting up a 22,859 square-foot grocery store in Garden City, New York. located at 192 Glen Cove Road, within the Roosevelt Field Mall business district, this will be the Company's first store in Long Island and its sixth in the State of New York. The Company expects iFresh Glen Cove to open in the first quarter of 2018.

For purpose of preparing these consolidated financial statements, the Company considered events through August 14, 2017, which is the date the consolidated financial statements were available for issuance. Except for those disclosed above, there were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "continue," or the negative of such terms or other similar expressions. Factors that might cause or contribute to such a discrepancy include, but are not limited to, those described in our other Securities and Exchange Commission ("SEC") filings. References to "we", "us", "our," "iFresh" or the "Company" are to iFresh Inc., except where the context requires otherwise. The following discussion should be read in conjunction with our unaudited condensed financial statements and related notes thereto included elsewhere in this report.

Overview

iFresh Inc. ("we," "us," "our," or "iFresh" or the "Company") is a Delaware company incorporated in July 2016 in order to reincorporate E-Compass Acquisition Corp. ("E-Compass") to Delaware pursuant to the Merger Agreement (as defined below). Immediately following the reincorporation, we acquired NYM Holding, Inc. ("NYM"). E-Compass was a blank check company formed for the purpose of entering into a share exchange, asset acquisition, share purchase, recapitalization, reorganization or other similar business combination with one or more businesses or entities. NYM is a fast growing Asian/Chinese grocery supermarket chain in the north-eastern U.S. providing food and other merchandise hard to find in mainstream grocery stores. Since NYM was formed in 1995, NYM has been targeting the Chinese and other Asian population in the U.S. with its in-depth cultural understanding of its target customer's unique consumption habits. iFresh currently has nine retail supermarkets across New York, Massachusetts and Florida. It also has two in-house wholesale businesses, Strong America Limited ("Strong America") and New York Mart Group, Inc. ("NYMG"), covering more than 6,000 wholesale products and servicing both NYM retail supermarkets and over 1,000 external clients that range from wholesalers to retailing groceries and restaurants. NYM has a stable supply of food from farms in New Jersey and Florida, ensuring reliable supplies of the most popular vegetables, fruits and seafood. Its wholesale business and long term relationships with farms insulate NYM from supply interruptions and sales declines, allowing it to remain competitive even during difficult markets.

On July 25, 2016, iFresh entered into a merger agreement (the "Merger Agreement") with E-Compass Acquisition Corp., a Cayman Islands company and parent of iFresh, iFresh Merger Sub Inc., a Delaware corporation and wholly owned subsidiary of iFresh, or "Merger Sub," NYM, the stockholders of NYM, and Long Deng, as representative of the stockholders of NYM. Pursuant to the terms of the Merger, on February 10, 2017, E-Compass merged with and into iFresh in order to redomesticate the Company into Delaware. After the redomestication, Merger Sub merged with and into NYM, resulting in NYM being a wholly owned subsidiary of iFresh. At the time of the Redomestication, each E-Compass ordinary share was converted into one share of common stock of iFresh and each E-Compass Right was converted into one substantially equivalent right ("iFresh Right") to receive one-tenth (1/10) of a share of iFresh Common Stock on the consummation of the Business Combination. In connection with the Redomestication, E-Compass ceased to exist and iFresh is the surviving corporation.

At closing on February 10, 2017, iFresh issued iFresh's stockholders an aggregate of: (i) $5 million in cash, plus, (ii) 12,000,000 shares of our common stock. In addition, iFresh executed an option agreement to acquire up to an additional four supermarkets prior to March 31, 2017 for aggregate consideration of $10 million in cash. In connection with the closing, holders of 1,937,967 of E-Compass's ordinary shares elected to redeem their shares and the Company paid $20,154,857 in connection with such redemption. The option agreement subsequently expired unexercised.

Recent Developments

On July 13, 2017, the Company acquired Mia Supermarket in Orlando FL, a 20,370 square-foot grocery store located at 2415 E. Colonial Drive, from Michael Farmers Supermarket, LLC. The new store, which will be called iFresh East. Colonial, will be the first iFresh store in Orlando and the second in Florida. iFresh acquired the supermarket for $1,050,000 in cash. The purchase included the business, lease, equipment and inventory of the store.

Also on July 13, 2017, the Company purchased all of the shares of iFresh Glen Cove Inc. ("Glen Cove") from Long Deng, the Company's Chairman and Chief Executive Officer, for 50,000 shares of the Company's common stock. The transaction was approved by the Company's independent audit committee and the price was agreed to be based upon a review of the assets and financial statements of Glen Cove. Glen Cove is setting up a 22,859 square-foot brand new grocery store being setting up in Garden City, New York located at 192 Glen Cove Road, within the Roosevelt Field Mall business district. This will be the Company's first store in Long Island and the sixth in New York. The Company expects iFresh Glen Cove to open in the first quarter of 2018.

The Company also plans to complete the acquisitions of several other stores owned, in whole or in part, by the majority shareholder and Chairman of the Company before September 30, 2017.

Business Outlook

iFresh is an Asian Chinese supermarket chain in the U.S. northeastern region with nine retail super markets and two wholesale facilities. iFresh plans to strategically expand along the I-95 corridor and its goal is to cover all states on the east coast. iFresh believes that the following are among its advantages in the market:

a. iFresh provides unique products to meet the demands of the Asian/Chinese American Market;
b. iFresh has established a merchandising system backed by an in-house wholesale business and by long-standing relationships with farms;
c. iFresh maintains an in-house cooling system with unique hibernation technology that has developed over 20 years to preserve perishables, especially produce and seafood;
d. iFresh capitalizes on economies of scale, allowing strong negotiating power with upstream vendors, downstream customers and sizable competitors; and
e. iFresh has a proven and replicable track record of management, operation, acquisition and organic growth.

iFresh's net sales were $32.5 million and $30.3 million for the three months ended June 30, 2017 and 2016, respectively. In terms of sales by category, perishables constituted approximately 62% of the total sales for the three months ended June 30, 2017. iFresh incurred a net loss of $0.2 million for the three months ended June 30, 2017, a decrease of $0.4 million, or 204%, from $0.2 million of net income for the three months ended June 30, 2016. Adjusted EBITDA was $0.2 million for the three months ended June 30, 2017, a decrease of $0.8 million, or 78.3%, from $1 million for the three months ended June 30, 2016. For additional information on Adjusted EBITDA, See the section entitled "iFresh's Management's Discussion and Analysis of Financial Condition and Results of Operations — Adjusted EBITDA," beginning on page 27.

Factors Affecting iFresh's Operating Results

Seasonality

iFresh's business shows seasonal fluctuations. Sales in its first and second fiscal quarters (ending June 30 and September 30, respectively) are usually 5% to 10% lower than in third and fourth quarters (ending December 31 and March 31, respectively). In its third fiscal quarter, customers make holiday purchases for Thanksgiving and Christmas. In its fourth quarter, customers make purchases for traditional Chinese holidays, such as the Spring Festival (Chinese New Year, in January or February).

Parking

The availability of parking is important to iFresh's sales volume, and changes in the availability of parking would affect iFresh's sales volume. For example, one of the two parking lots serving iFresh's Ming store in Boston was required to be temporarily leased to a farmers market on Sundays by the city of Boston from April to October 2016, which reduced sales at the store by about 10% during this period.

Competition

iFresh faces competition from smaller or dispersed competitors focusing on the niche market of Chinese and other Asian consumers. However, with the rapid growth of the Chinese and other Asian population and their consumption power, other competitors may also begin operating in this niche market in the future. Those competitors include: (i) national conventional supermarkets, (ii) regional supermarkets, (iii) national superstores, (iv) alternative food retailers, (v) local foods stores, (vi) small specialty stores, and (vii) farmers' markets.

Payroll

Minimum wage rates in some states increased in 2016. For example, the minimum wage went from $10 to $11 per hour in Massachusetts. Payroll and related expenses increased by $0.5 million, or 12% for the three months ended June 30, 2017 as compared to the same period of last year as a result of increase of head count and addition of its business operation and financial reporting department since iFresh became a public company in February 2017. iFresh plans to implement systems in the future to improve operating efficiency and reduce labor costs.

Vendor and Supply Management

iFresh believes that a centralized and efficient vendor and supply management system is the key to profitability. iFresh operates its own wholesale facilities, which supplied about 31% of its procurement for the fiscal year ended March 31, 2017. iFresh recently centralized the management of its vendors and procurement. It believes that such centralized vendor management enhances iFresh's negotiating power and improves its ability to turnover inventory and vendor payables. Any changes to the vendor and supply management could affect iFresh's purchasing costs and operating expenses.

Store Maintenance and Renovation

From time to time, iFresh conducts maintenance on the fixtures and equipment for its stores. Any maintenance or renovations could interrupt the operation of our stores and result in a decline of customer volume, and therefore sales volume, but will, in the opinion of management, boost sales after they are completed. Significant maintenance or renovation would affect our operation and operating results.

Store Acquisitions and Openings

iFresh expects the new stores it acquires or opens to be the primary driver of its sales, operating profit and market share gains. iFresh's results will be materially affected by the timing and number of new store additions and the amount of new store opening costs. For example, iFresh would incur rental, utilities and employee expenses during any period of renovation, which would be recorded as expenses on the income statement and would decrease iFresh's profit when a store opens. iFresh may incur higher than normal employee costs associated with set-up, hiring, training, and other costs related to opening a new store. Operating margins are also affected by promotional discounts and other marketing costs and strategies associated with new store openings, primarily due to overstocking, and costs related to hiring and training new employees. Additionally, promotional activities may result in higher than normal net sales in the first several weeks following a new store opening. A new store builds its sales volume and its customer base over time and, as a result, generally has lower margins and higher operating expenses, as a percentage of sales, than our more mature stores. A new store could take more than a year to achieve a level of operating performance comparable to our existing stores. In July 2017, the Company acquired two stores which are located in Orlando, FL and Garden City, NY.

How to Assess iFresh's Performance

In assessing performance, iFresh's management considers a variety of performance and financial measures, including principal growth in net sales, gross profit and Adjusted EBITDA. The key measures that we use to evaluate the performance of our business are set forth below:

Net Sales

iFresh's net sales comprise gross sales net of coupons and discounts. We do not record sales taxes as a component of retail revenues as we consider it a pass-through conduit for collecting and remitting sales taxes.

Gross Profit

iFresh calculates gross profit as net sales less cost of sales and occupancy costs. Gross margin represents gross profit as a percentage of its net sales. Occupancy costs include store rental costs and property taxes. The components of our cost of sales and occupancy costs may not be identical to those of its competitors. As a result, our gross profit and gross margin may not be comparable to similar data made available by our competitors.

Cost of sales includes the cost of inventory sold during the period, including the direct costs of purchased merchandise (net of discounts and allowances), distribution and supply chain costs, buying costs and supplies. iFresh recognizes vendor allowances and merchandise volume related rebate allowances as a reduction of inventories during the period when earned and reflects the allowances as a component of cost of sales as the inventory is sold. Shipping and handling for inventories purchased are included in cost of goods sold.

Selling, General and Administrative Expenses

Selling, general and administrative expenses primarily consist of retail operational expenses, administrative salaries and benefits costs, marketing, advertising and corporate overhead.

Adjusted EBITDA

iFresh believes that Adjusted EBITDA is a useful performance measure and can be used to facilitate a comparison of NYM's operating performance on a consistent basis from period-to-period and to provide for a more complete understanding of factors and trends affecting our business than GAAP measures alone can provide. iFresh also uses Adjusted EBITDA as one of the primary methods for planning and forecasting overall expected performance and for evaluating on a quarterly and annual basis actual results against such expectations, and as a performance evaluation metric in determining achievement of certain compensation programs and plans for employees, including senior executives. Other companies in the industry may calculate Adjusted EBITDA differently than iFresh does, limiting its usefulness as a comparative measure.

iFresh's management defines Adjusted EBITDA as earnings before interest expense, income taxes, depreciation and amortization expense, store opening costs, and non-recurring expenses. All of the omitted items are either (i) non-cash items or (ii) items that we do not consider in assessing its on-going operating performance. Because it omits non-cash items, iFresh's management believes that Adjusted EBITDA is less susceptible to variances in actual performance resulting from depreciation, amortization and other non-cash charges and more reflective of other factors that affect its operating performance. iFresh's management believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing the company's financial measures with other specialty retailers, many of which present similar non-GAAP financial measures to investors.

Results of Operations for the three months ended June 30, 2017 and 2016

	For the three months ended June 30, 2017	For the three months ended June 30, 2016	Changes $	Changes %
Net sales-third parties	$ 30,127,855	$ 28,685,300	$ 1,442,555	5%
Net sales-related parties	2,400,671	1,604,592	796,079	49.6%
Total Sales	32,528,526	30,289,892	2,238,634	7.4%
Cost of sales-third parties	21,702,740	20,778,908	923,832	4.4%
Cost of sales-related parties	1,991,930	1,331,392	660,538	49.6%
Occupancy costs	1,942,842	1,840,067	102,775	5.6%
Gross Profit	6,891,014	6,339,525	551,489	8.7%
Selling, general and administrative expenses	7,484,823	6,225,909	1,258,914	20.2%
Income (Loss) from operations	(593,809)	113,616	(707,425)	-622.6%
Interest expense	(167,539)	(43,574)	(123,965)	284.5%
Other income	201,905	245,238	(43,333)	-17.7%
Income (Loss) before income tax provision	(559,443)	315,280	(874,723)	-277.4%
Income tax (provision) benefit	290,910	(137,535)	428,445	-311.5%
Net income (loss)	$ (268,533)	$ 177,745	$ (446,278)	-251.1%
Net income (loss) attributable to common shareholders	(268,533)	$ 177,745	$ (446,278)	-251.1%

Net Sales

	For the three months ended June 30, 2017	For the three months ended June 30, 2016	Changes $	Changes %
Net sales of retail-third parties	$ 26,359,419	$ 25,777,882	$ 581,537	2.26%
Net sales of wholesale-third parties	3,768,436	2,907,418	861,018	29.6%
Net sales of wholesale-related parties	2,400,671	1,604,592	796,079	49.6%
Total Net Sales	$ 32,528,526	$ 30,289,892	$ 2,238,634	7.39%

iFresh's net sales were $32.5 million for the three months ended June 30, 2017, an increase of $2.2 million, or 7.4%, from $30.3 million for the three months ended June 30, 2016.

Net retail sales to third parties increased by $0.6 million, or 2.3%, from $25.8 million for the three months ended June 30, 2016, to $26.4 million for the three months ended June 30, 2017. The increase resulted mainly from better sales performance of all of our stores except Ming store. There was an accidental fire in our Ming store in March 2017 that had an impact on sales for the three months ended June 30, 2017, offsetting stronger sales at other stores. On the other hand, our total net wholesale sales increased by $1.7 million, from $4.5 million for the three months ended June 30, 2016 to $6.2 million for the three months ended June 30, 2017, which was attributable to an increase of $0.8 million in sales to related parties and $0.9 million to third party due to iFresh focusing on improving its central procurement system through its wholesale facilities.

Cost of sales, Occupancy costs and Gross Profit

Retail Segment	For the three months ended June 30, 2017	For the three months ended June 30, 2016	Changes $	Changes %
Cost of sales	$ 18,899,782	$ 18,762,315	$ 137,467	0.7%
Occupancy costs	1,942,842	1,840,067	102,775	5.6%
Gross profit	5,516,795	5,175,500	341,295	6.6%
Gross margin	20.9%	20.1%	0.8%	-

For the retail segment, gross profit was $5.5 and $5.2 million for the three months ended June 30, 2017 and 2016, respectively. Gross margin was 20.9% and 20.1% for the three months ended June 30, 2017 and 2016, respectively. The gross profit increased due to the increase of sales and we consider the gross margin variation to be within normal business fluctuations.

Cost of sales increased by $0.1 million, or 0.7%, from $18.8 million for the three months ended June 30, 2016 to $18.9 million for the three months ended June 30, 2017. The increase was mainly attributable to the increased sales for the three months ended June 30, 2017.

Occupancy costs consist of store-level expenses such as rental expense, property taxes and other store specific costs. Occupancy costs increased by approximately 5.6%, from $1.8 million for the three months ended June 30, 2016 to $1.9 million for the three months ended June 30, 2017, which was mainly attributable to the increased cost of real property tax and the new lease of one of the stores entered into in current year.

Wholesale Segment	**For the three months ended June 30,**		**Changes**	
	2017	**2016**	**$**	**%**
Cost of sales	$ 4,794,888	$ 3,347,985	$ 1,446,903	43.2%
Gross profit	1,374,219	1,164,025	210,194	18.1%
Gross margin	22.3%	25.8%	3.5%	-

For wholesale segment, cost of sales increased by $1.4 million or 43.2% from $3.3 million in 2016 to $4.8 million in 2017. The increase was consistent with the significant increase of sales from the wholesale segment in 2017.

Gross profit increased by $0.2 million, or 18.1% from $1.2 million in 2016 to $1.4 million in 2017. Gross margin decreased by 3.5% from 25.8% to 22.3%. The decrease of gross margin was due to the decreased percentage of perishable products sales to total sales in this segment for 3%. Perishable goods has a relatively high gross margin compared to groceries.

Selling, General and Administrative Expenses

Selling, general and administrative expenses was $7.5 million for the three months ended June 30, 2017, an increase of $1.3 million, or 20.2%, compared to $6.2 million for the three months ended June 30, 2016, which was mainly attributable to an increase of $0.5 million in payroll and related insurance and taxes, an increase of $0.2 million of management fee, an increase of $0.3 million of professional service fee. The remaining $0.3 million increase was from other general expenses including utility, insurance, and advertising, which were due to the expansion of our business.

Interest Expense

Interest expense was $168,000 for the three months ended June 30, 2017, an increase of $124,000, or 284%, from $43,000 for the three months ended June 30, 2016, primarily attributable to the increase of interest due to the increased Key Bank loan. Loan balance increased by $10 million from June 30, 2016 to June 30, 2017, also due to the Key Bank loan.

Other income

Other income was $202,000 for the three months ended June 30, 2017, a decrease of $43,000, or 17.7%, from $245,000 for the three months ended June 30, 2016, primarily attributable to slight decrease of management fee income and advertising fee income charged to related third-party stores.

Income Taxes Provision

NYM is subject to U.S. federal and state income taxes. Income taxes provision was $0.3 million of benefit for the three months ended June 30, 2017, a decrease of $0.4 million, or 311.5%, compared to $0.1 million of tax for the three months ended June 30, 2017, 2016, which was mainly attributable to the decrease in taxable income. For the three months ended June 30, 2017, the Company had a loss before tax and the income tax benefit represents the benefit from net operating loss.

Net Income

	For the three months ended June 30,		Changes	
	2017	2016	$	%
Net income	$ (268,533)	$ 177,745	$ (446,278)	-251.1%
Net Profit Margin	-0.83%	0.59%	-1.41%	

Net loss was $0.3 million for the three months ended June 30, 2017, a decrease of $0.4 million, or 251%, from $0.2 million of net income for the three months ended June 30, 2016, mainly attributable to the increase of selling, general and administrative expenses as described above. Net profit margin as percentage of sales was -0.83% and 0.59% for the three months ended June 30, 2017 and 2016, respectively.

Adjusted EBITDA

	For the years ended June 30,		Changes	
	2017	2016	$	%
Net income	$ (268,533)	$ 177,745	$ (446,278)	-251.1%
Interest expenses	167,539	43,574	123,965	284.5%
Income tax provision	(290,910)	137,535	(428,445)	-311.5%
Depreciation	403,061	379,557	23,504	6.2%
Amortization	33,333	33,333	—	0%
Merger expenses(1)	—	235,000	(235,000)	(100)%
Adjusted EBITDA	$ 44,490	$ 1,006,744	$ (962,254)	-95.6%
Percentage of sales	0.14%	3.32%	-3.19%	

(1) Merger expenses were professional fees paid to a financial advisor, legal counsel and auditors in connection with the business combination transaction with E-Compass, which are non-recurring expenses and added back for adjusted EBITDA.

Adjusted EBITDA was $44,000 for the three months ended June 30, 2017, a decrease of $962,000 or 95.6%, as compared to $1.0 million for the three months ended June 30, 2016, mainly attributable to the decrease of net income resulting from the increase of selling, general and administrative expenses as described above. The ratio of Adjusted EBITDA to sales was 0.14% and 3.32% for the three months ended June 30, 2017 and 2016, respectively.

Liquidity and Capital Resources

As of June 30, 2017, iFresh had cash and cash equivalents of approximately $1.2 million. iFresh has funded working capital and other capital requirements in the past primarily by equity contribution from shareholders, cash flow from operations, and bank loans. Cash is required to pay purchase costs for inventory, rental, salaries, office rental expenses, income taxes, other operating expenses and repay debts. Although iFresh's management believes that the cash generated from operations will be sufficient to meet its normal working capital needs for at least the next twelve months, its ability to repay its current obligation will depend on the future realization of its current assets. iFresh's management has considered the historical experience, the economy, trends in the retail industry, the expected collectability of the accounts receivables and the realization of the inventories as of June 30, 2017. iFresh's ability to continue to fund these items may be affected by general economic, competitive and other factors, many of which are outside of our control. If the future cash flow from operations and other capital resources are insufficient to fund its liquidity needs, iFresh may be forced to reduce or delay its expected new store acquisition and openings, sell assets, obtain additional debt or equity capital or refinance all or a portion of its debt. Our working capital position benefits from the fact that it generally collects cash from sales to customers the same day or, in the case of credit or debit card transactions, within a few business days of the related sale and the quick inventory turnover.

For the year ended March 31, 2018, iFresh is projecting that it would need approximately $50 million of capital in addition to its cash flow in place to fully execute the planned acquisitions, online platform development and new-store openings.

We have $16 million of advances and receivable from the related parties we intend to acquire, which will be used to offset part of the acquisition consideration. In addition, we had $9 million of unused credit line from Key Bank, which includes a revolving credit of $4,000,000 for making advances and the issuance of letters of credit, and $5,000,000 of a delayed draw term loan. We also plan to issue additional stock in lieu of cash as part of the acquisition consideration and plan to raise additional capital through sales of our stock if necessary. We intend to use part of the cash generated from our operations to fund our online sales initiative. If we are not able to turn over our inventory and collect our receivables in time as it has done in the past, Mr. Long Deng, the majority shareholder and Chief Executive Officer of iFresh, has indicated that he will personally fund iFresh's operations as needed. Based on the above considerations, iFresh's management is of the opinion that iFresh has sufficient funds to meet its working capital requirements, capital expenditure and debt obligations as they become due.

The following table summarizes iFresh's cash flow data for the three months ended June 30, 2017 and 2016.

	For the three months ended June 30,	
	2017	**2016**
Net cash provided by (used in) operating activities	$ (910,699)	$ 1,432,162
Net cash used in investing activities	(1,025,043)	(1,675,067)
Net cash provided by financing activities	600,583	178,608
Net (decrease) increase in cash and cash equivalents	$ (1,335,159)	$ (64,297)

Operating Activities

Net cash provided by (used in) operating activities consists primarily of net income adjusted for non-cash items, including depreciation, changes in deferred income taxes and loss on early extinguishment of debt, and the effect of working capital changes. Net cash used in operating activities was approximately $0.9 million for the three months ended June 30, 2017, a decrease of $2.3 million, or 164%, compared to $1.4 million of cash provided by operating activities for the three months ended June 30, 2016. The decrease was a result of a decrease of cash generated from net income of $0.3 million and a decrease of $2 million from change of working capital mainly resulting from an increase in account receivable and decrease of accounts payable.

Investing Activities

Net cash used in investing activities was approximately $1.0 million for the three months ended June 30, 2017, a decrease of $0.7 million, compared to $1.7 million for the three months ended June 30, 2016. The decrease was primarily attributable to the decrease in advances to related parties.

Financing Activities

Net cash provided by financing activities was approximately $0.6 million for the three months ended June 30, 2017, which mainly consisted of net cash flow from borrowing bank loans of $1 million. Net cash provided by financing activities was $0.2 million for the three months ended June 30, 2016, which mainly consisted of $0.4 million from borrowing on loans and notes payable, offsetting the repayment of $0.2 million of bank loans, notes payable and capital lease.

Commitments and Contractual Obligations

The following table presents the Company's material contractual obligations as of June 30, 2017:

Contractual Obligations (unaudited)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Bank Loans	$ 14,470,291	$ 1,336,145	$ 2,784,121	$ 10,350,025	—
Estimated interest payments on bank loans	1,521,825	377,956	644,081	499,788	—
Notes payable	672,661	265,828	304,228	102,605	—
Capital lease obligations	154,421	66,140	76,432	11,849	—
Operating Lease Obligations(1)	95,200,347	7,216,400	15,401,145	15,274,729	57,308,073
	$ 112,019,545	$ 9,262,469	$ 19,210,007	$ 26,238,996	$ 57,308,073

(1) Operating lease obligations do not include common area maintenance, utility and tax payments to which iFresh is obligated, which is estimated to be approximately 50% of operating lease obligation.

Off-balance Sheet Arrangements

iFresh is not a party to any off-balance sheet arrangements.

Critical Accounting Estimates

The discussion and analysis of iFresh's financial condition and results of operations are based upon its financial statements, which have been prepared in accordance with GAAP. These principles require iFresh's management to make estimates and judgments that affect the reported amounts of assets, liabilities, sales and expenses, cash flow and related disclosure of contingent assets and liabilities. The estimates include, but are not limited to, revenue recognition, inventory valuation, impairment of long-lived assets, and income taxes. iFresh bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances. Actual results may differ from these estimates. To the extent that there are material differences between these estimates and the actual results, future financial statements will be affected.

iFresh's management believes that among their significant accounting policies, which are described in Note 3 to the audited consolidated financial statements of iFresh included in this Form 10-K, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, iFresh's management believes these are the most critical to fully understand and evaluate its financial condition and results of operations.

Revenue Recognition

For retail sales, revenue is recognized at the point of sale. Discounts provided to customers at the time of sale are recognized as a reduction in sales as the discounted products are sold. Sales taxes are not included in revenue. Proceeds from the sale of coupons are recorded as a liability at the time of sale, and recognized as sales when they are redeemed by customers. For wholesales sales, revenue is recognized at the date of shipment to customers when a formal arrangement exists, the price is fixed or determinable, the delivery is completed, the Company has no other obligations and collectability is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are recorded as customer deposits.

Inventories

Inventories consist of merchandise purchased for resale, which are stated at the lower of cost or market. The cost method is used for wholesale and retail perishable inventories by assigning costs to each of these items based on a first-in, first-out (FIFO) basis (net of vendor discounts).

The Company's wholesale and retail non-perishable inventory is valued at the lower of cost or market using weighted average method.

Impairment of Long-Lived Assets

iFresh assesses its long-lived assets, including property and equipment and finite-lived intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. The Company groups and evaluates long-lived assets for impairment at the individual store level, which is the lowest level at which independent identifiable cash flows are available. Factors which may indicate potential impairment include a significant underperformance relative to the historical or projected future operating results of the store or a significant negative industry or economic trend. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by that asset. If impairment is indicated, a loss is recognized for any excess of the carrying value over the estimated fair value of the asset group. The fair value is estimated based on the discounted future cash flows or comparable market values, if available.

Income Taxes

iFresh must make certain estimates and judgments in determining income tax expense for financial statement purposes. The amount of taxes currently payable or refundable is accrued, and deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are also recognized for realizable loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the fiscal year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities for a change in income tax rates is recognized in income in the period that includes the enactment date.

iFresh apply the provisions of the authoritative guidance on accounting for uncertainty in income taxes that was issued by the Financial Accounting Standards Board, or FASB. Pursuant to this guidance, and may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The authoritative guidance also addresses other items related to uncertainty in income taxes, including derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Recently Issued Accounting Pronouncements

In May 2016, the FASB issued ASU 2016-11, "Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting", The amendments rescinds SEC paragraphs pursuant to two SEC Staff Announcements at the March 3, 2016 Emerging Issues Task Force (EITF) meeting. Specifically, registrants should not rely on the following SEC Staff Observer comments upon adoption of Topic 606: 1) Revenue and Expense Recognition for Freight Services in Process, which is codified in paragraph 605-20-S99-2; 2) Accounting for Shipping and Handling Fees and Costs, which is codified in paragraph 605-45-S99-1; 3) Accounting for Consideration Given by a Vendor to a Customer (including Reseller of the Vendor's Products), which is codified in paragraph 605-50-S99-1; 4) Accounting for Gas-Balancing Arrangements (i.e., use of the "entitlements method"), which is codified in paragraph 932-10-S99-5, which is effective upon adoption of ASU 2014-09. The Company expects that the adoption of this ASU would not have a material impact on the Company's consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments" ("ASU 2016-15"), which reduces the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows under Topic 230. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Company expects that the adoption of this ASU would not have a material impact on the Company's consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfer of Assets Other than Inventory", which requires the recognition of the income tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs. For public business entities, the amendments in this ASU are effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within those annual reporting periods. For all other entities, the amendments in this ASU are effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual periods beginning after December 15, 2019. Early adoption is permitted. The amendments in this ASU should be adopted on a modified retrospective basis. The Company does not expect that adoption of this guidance will have a material impact on its consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-17, “Consolidation (Topic 810): Interests Held through Related Parties That Are under Common Control”. The amendments affect reporting entities that are required to evaluate whether they should consolidate a variable interest entity in certain situations involving entities under common control. Specifically, the amendments change the evaluation of whether a reporting entity is the primary beneficiary of a variable interest entity by changing how a reporting entity that is a single decision maker of a variable interest entity treats indirect interests in the entity held through related parties that are under common control with the reporting entity. The amendments are effective for public business entities for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2016, and interim reporting periods within fiscal years beginning after December 15, 2017. Early adoption is permitted. The Company does not expect that adoption of this guidance will have a material impact on its consolidated financial statements and related disclosures.

In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows: Restricted Cash". The amendments address diversity in practice that exists in the classification and presentation of changes in restricted cash on the statement of cash flows. The amendment is effective for public companies for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, including an adoption in an interim period. The amendments in this update should be applied using a retrospective transition method to each period presented. The adoption of this ASU on the statement of cash flows will increase cash and cash equivalents by the amount of the restricted cash on the Company’s consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business". The amendments in this ASU clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. Basically these amendments provide a screen to determine when a set is not a business. If the screen is not met, the amendments in this ASU first require that to be considered as a business, a set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output and second, remove the evaluation of whether a market participant could replace missing elements. These amendments take effect for public businesses for fiscal years beginning after December 15, 2017 and interim periods within those periods, and all other entities should apply these amendments for fiscal years beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. The Company does not expect that adoption of this guidance will have a material impact on its consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As of June 30, 2017, we were not subject to material market or interest rate risk.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial and accounting officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of June 30, 2017, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on this evaluation, our principal executive officer and principal financial and accounting officer have concluded that our disclosure controls and procedures were not effective as of June 30, 2017, due to our lack of experience being a public company and lack of professional staffs with adequate knowledge of SEC’s rules and requirements.

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

The Company established a policy during the fiscal quarter ended June 30, 2017 that management will hire additional accounting personnel or use independent consultants to determine the proper accounting treatment of transactions to ensure that complicated transactions, such as equity financings, acquisitions, and business combinations, are recorded accurately. In May 2017, the Company hired a new Chief Financial Officer with necessary skills and experience to help with the financial reporting process. The Company is also actively looking for an outside independent consultant to help with accounting treatment of more complicated transactions such as the planned business acquisition.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

There have been no changes with respect to risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended March 31, 2017. Investing in our common stock involves a high degree of risk. Before you invest you should carefully consider the risks and uncertainties described below and in our Annual Report on Form 10-K for the year ended March 31, 2017, under the caption “Risk Factors”, our Management’s Discussion and Analysis of Financial Condition and Results of Operations set forth in Item 2 of Part I of this Quarterly Report on Form 10-Q, our consolidated financial statements and related notes included in Item 1 of Part I of this Quarterly Report on Form 10-Q and our consolidated financial statements and related notes, as well as our Management’s Discussion and Analysis of Financial Condition and Results of Operations and the other information in our Annual Report on Form 10-K for the year ended March 31, 2017. Readers should carefully review those risks, as well as additional risks described in other documents we file from time to time with the SEC.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosure.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit No.	Description
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended.
32	Certification of 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.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

iFresh, Inc.

By: /s/ Long Deng
Long Deng
Chairman of the Board and
Chief Executive Officer
(Principal executive officer)

By: /s/ Alfred Chung-Chieh Ying
Alfred Chung-Chieh Ying
Chief Financial Officer
(Principal financial and accounting officer)

Date: August 14, 2017

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Long Deng, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of iFresh, 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)) for the registrant 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 my supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my 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; and

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my 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 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: August 14, 2017

/s/ Long Deng
Long Deng
Chief Executive Officer
(Principal executive officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Alfred Chung-Chieh Ying, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of iFresh, 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)) for the registrant 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 my supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my 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; and

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my 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 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: August 14, 2017

/s/ Alfred Chung-Chieh Ying

Alfred Chung-Chieh Ying
Chief Financial Officer
(Principal financial and accounting 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 the Quarterly Report of iFresh, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2017 as filed with the Securities and Exchange Commission (the “Report”), each of the undersigned, in the capacities and on the dates indicated below, hereby certifies 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 operation of the Company.

Date: August 14, 2017

/s/ Long Deng
Long Deng
Chief Executive Officer
(Principal executive officer)

Date: August 14, 2017

/s/ Alfred Chung-Chieh Ying
Alfred Chung-Chieh Ying
Chief Financial Officer
(Principal financial and accounting officer)