

GREYSTONE LOGISTICS, INC.

Form 10-Q

April 16, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED February 29, 2012

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission file number 000-26331

GREYSTONE LOGISTICS, INC.

(Exact name of registrant as specified in its charter)

Oklahoma

(State or other jurisdiction of incorporation or organization)

75-2954680

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

1613 East 15th Street, Tulsa, Oklahoma 74120

(Address of principal executive offices) (Zip Code)

(918) 583-7441

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

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

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

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☒

(Do not check if a smaller reporting company)

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

Applicable only to corporate issuers:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: April 12, 2012 - 26,111,201

GREYSTONE LOGISTICS, INC.
FORM 10-Q

For the Period Ended February 29, 2012

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ITEM 1. Financial Statements.

Greystone Logistics, Inc. and Subsidiaries
Consolidated Balance Sheets

	February 29, 2012 (Unaudited)	May 31, 2011
Assets		
Current Assets:		
Cash	\$288,537	\$169,420
Accounts receivable -		
Trade, net of allowance of \$75,000 at February 29, 2012 and May 31, 2011	1,830,805	1,769,387
Related party	884,986	652,402
Inventory	1,882,660	543,557
Prepaid expenses and other	153,984	70,990
Total Current Assets	5,040,972	3,205,756
Property, Plant and Equipment	14,898,812	13,900,575
Less: Accumulated Depreciation	(7,041,313)	(6,186,967)
Property, Plant and Equipment, net	7,857,499	7,713,608
Other Assets	91,354	100,693
Total Assets	\$12,989,825	\$11,020,057
Liabilities and Deficit		
Current Liabilities:		
Current portion of long-term debt	\$1,329,410	\$3,937,581
Advances payable - related party	631,580	725,080
Current portion of variable interest entities' long-term debt	—	135,173
Preferred dividends payable	2,842,190	—
Accounts payable and accrued expenses	3,160,745	1,927,162
Accounts payable and accrued expenses - related parties	1,885,872	1,621,838
Total Current Liabilities	9,849,797	8,346,834
Long-Term Debt, net of current portion	11,079,537	8,811,243
Long-Term Debt of Variable Interest Entity, net of current portion	—	3,566,971
Deficit:		
Preferred stock, \$0.0001 par value, 20,750,000 shares authorized, 50,000 shares issued and outstanding, liquidation preference of \$5,000,000	5	—
Common stock, \$0.0001 par value		
Shares authorized: 5,000,000,000		
Shares issued: 26,111,201 at February 29, 2012 and May 31, 2011	2,611	2,611
Additional paid-in capital	53,089,293	48,089,298
Accumulated deficit	(62,031,414)	(62,297,986)
Total Greystone Stockholders' Deficit	(8,939,505)	(14,206,077)

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Noncontrolling interests	999,996	4,501,086
Total Deficit	(7,939,509)	(9,704,991)
Total Liabilities and Deficit	\$12,989,825	\$11,020,057

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

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Greystone Logistics, Inc. and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

	Nine Months Ended	
	February 29, 2012	February 28, 2011
Sales	\$16,872,981	\$14,253,173
Cost of Sales	13,821,507	13,120,654
Gross Profit	3,051,474	1,132,519
General, Selling and Administrative Expenses	1,454,146	1,441,590
Operating Income (Loss)	1,597,328	(309,071)
Other Income (Expense):		
Other Income (Expense)	(1,909)	2,600
Interest Expense	(680,480)	(641,423)
Total Other Expense, net	(682,389)	(638,823)
Net Income (Loss)	914,939	(947,894)
Income Attributable to Noncontrolling Interests, net	(96,669)	(78,388)
Preferred Dividends	(160,274)	(243,082)
Net Income (Loss) Available to Common Stockholders	\$657,996	\$(1,269,364)
Income (Loss) Available to Common Stockholders		
Per Share of Common Stock -		
Basic and Diluted	\$0.03	\$(0.05)
Weighted Average Shares of Common Stock Outstanding -		
Basic and Diluted	26,111,201	26,111,201

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

Greystone Logistics, Inc. and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended	
	February 29, 2012	February 28, 2011
Sales	\$4,875,856	\$4,206,092
Cost of Sales	3,960,606	3,600,831
Gross Profit	915,250	605,261
General, Selling and Administrative Expenses	554,801	452,809
Operating Income	360,449	152,452
Other Income (Expense):		
Other Income (Expense)	4,932	(5,050)
Interest Expense	(201,583)	(248,960)
Total Other Expense, net	(196,651)	(254,010)
Net Income (Loss)	163,798	(101,558)
Income Attributable to Noncontrolling Interests, net	(50,489)	(36,994)
Preferred Dividends	(79,247)	(80,137)
Net Income (Loss) Available to Common Stockholders	\$34,062	\$(218,689)
Income (Loss) Available to Common Stockholders		
Per Share of Common Stock -		
Basic and Diluted	\$—	\$(0.01)
Weighted Average Shares of Common Stock Outstanding -		
Basic and Diluted	26,111,201	26,111,201

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

Greystone Logistics, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended	
	February 29, 2012	February 28, 2011
Cash Flows from Operating Activities:		
Net income (loss)	\$914,939	\$(947,894)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	867,005	801,835
Stock-based compensation	—	71,976
Changes in receivables	(294,002)	242,540
Changes in inventory	(1,339,103)	(172,465)
Changes in prepaid expenses and other	(82,994)	(697)
Change in other assets	(3,320)	320
Changes in accounts payable and accrued expenses	1,500,827	426,987
Net cash provided by operating activities	1,563,352	422,602
Cash Flows from Investing Activities:		
Purchase of property and equipment	(435,211)	(1,173,301)
Cash Flows from Financing Activities:		
Proceeds from note payable	—	2,000,000
Proceeds from note payable to related party	—	500,000
Payments on long-term debt	(935,964)	(1,658,506)
Payments on advances from related party	(93,500)	(103,501)
Capital contributions to variable interest entity	75,000	—
Distributions by variable interest entity	(54,560)	—
Net cash provided by (used in) financing activities	(1,009,024)	737,993
Net Increase in Cash	119,117	(12,706)
Cash, beginning of period	169,420	163,749
Cash, end of period	\$288,537	\$151,043
Non-Cash Activities:		
Acquisition of equipment by capital lease or debt	\$563,026	