

GREYSTONE LOGISTICS, INC.

Form 10-Q

January 20, 2015

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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 November 30, 2014

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES 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 75-2954680  
(State or other  
jurisdiction of (I.R.S.  
incorporation Employer Identification  
or No.)  
organization)

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 Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its 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

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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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(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: January 13, 2015 - 27,286,201

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GREYSTONE LOGISTICS, INC.

FORM 10-Q  
For the Period Ended November 30, 2014

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## Part I. FINANCIAL INFORMATION

## Item 1. Financial Statements

Greystone Logistics, Inc. and Subsidiaries  
Consolidated Balance Sheets  
(Unaudited)

	November 30, 2014	May 31, 2014
Assets		
Current Assets:		
Cash	\$562,619	\$661,263
Accounts receivable -		
Trade, net of allowance for doubtful accounts of \$71,462	716,690	2,023,563
Related party receivable	278,532	219,505
Inventory	1,483,303	1,616,165
Deferred tax asset – current	673,500	1,077,000
Prepaid expenses	93,996	97,170
Total Current Assets	3,808,640	5,694,666
Property and Equipment, net of accumulated depreciation	8,693,498	8,776,137
Deferred Tax Asset	1,752,183	1,133,000
Other Assets	144,471	163,188
Total Assets	\$14,398,792	\$15,766,991
Liabilities and Deficit		
Current Liabilities:		
Current portion of long-term debt	\$1,923,523	\$3,979,376
Accounts payable and accrued expenses	936,680	782,591
Accrued interest - related party	1,987,146	1,835,999
Preferred dividends payable	54,315	27,603
Total Current Liabilities	4,901,664	6,625,569
Long-Term Debt, net of current portion	11,340,063	10,524,745
Deficit:		
Preferred stock, \$0.0001 par value, cumulative, 20,750,000 shares authorized, 50,000 shares issued and outstanding, liquidation preference of \$5,000,000	5	5
Common stock, \$0.0001 par value, 5,000,000,000 shares authorized, 27,161,201 and 26,461,201 shares issued and outstanding	2,716	2,646
Additional paid-in capital	53,446,748	53,336,106
Accumulated deficit	(56,296,826)	(55,715,203)
Total Greystone Stockholders' Deficit	(2,847,357 )	(2,376,446 )
Non-controlling interest	1,004,422	993,123

Total Deficit	(1,842,935 )	(1,383,323 )
Total Liabilities and Deficit	\$ 14,398,792	\$ 15,766,991

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

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

	For the Six Months Ended November 30,	
	2014	2013
Sales	\$9,991,448	\$10,872,407
Cost of Sales	8,997,651	8,000,696
Gross Profit	993,797	2,871,711
General, Selling and Administrative Expenses	1,105,942	1,141,882
Operating Income (Loss)	(112,145 )	1,729,829
Other Income (Expense):		
Other income	2,500	3,600
Interest expense	(411,417 )	(398,275 )
Total Other Expense, net	(408,917 )	(394,675 )
Income (Loss) before Income Taxes	(521,062 )	1,335,154
Benefit from Income Taxes	215,683	237,000
Net Income (Loss)	(305,379 )	1,572,154
Income Attributable to Variable Interest Entities, net	(113,299 )	(111,183 )
Preferred Dividends	(162,945 )	(162,945 )
Net Income (Loss) Attributable to Common Stockholders	\$(581,623 )	\$1,298,026
Income (Loss) Per Share of Common Stock -		
Basic	\$(0.02 )	\$0.05
Diluted	\$(0.02 )	\$0.05
Weighted Average Shares of Common Stock Outstanding -		
Basic	26,591,666	26,111,201
Diluted	26,591,666	27,558,600

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

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

	For the Three Months Ended November 30,	
	2014	2013
Sales	\$3,925,077	\$4,361,490
Cost of Sales	4,260,438	3,635,151
Gross Profit (Loss)	(335,361 )	726,339
General, Selling and Administrative Expenses	491,000	545,569
Operating Income (Loss)	(826,361 )	180,770
Other Income (Expense):		
Other income	2,500	3,600
Interest expense	(202,574 )	(197,094 )
Total Other Expense, net	(200,074 )	(193,494 )
Income (Loss) before Income Taxes	(1,026,435 )	(12,724 )
Benefit from Income Taxes	368,383	-
Net Loss	(658,052 )	(12,724 )
Income Attributable to Variable Interest Entities, net	(57,042 )	(56,875 )
Preferred Dividends	(81,027 )	(81,027 )
Net Loss Attributable to Common Stockholders	\$(796,121 )	\$(150,626 )
Loss Per Share of Common Stock -		
Basic and Diluted	\$(0.03 )	\$(0.01 )
Weighted Average Shares of Common Stock Outstanding -		
Basic and Diluted	26,723,564	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)

	For the Six Months Ended November 30,	
	2014	2013
Cash Flows from Operating Activities:		
Net income (loss)	\$(305,379 )	\$1,572,154
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation and amortization	686,666	674,473
Increase in deferred tax asset	(215,683 )	(253,000 )
Stock based compensation	26,712	26,712
Changes in trade accounts receivable	1,306,873	483,064
Changes in related party receivable	(134,027 )	-
Changes in inventory	132,862	(872,480 )
Changes in prepaid expenses	3,174	(138,043 )
Changes in accounts payable and accrued expenses	305,236	169,551
Other	-	2,454
Net cash provided by operating activities	1,806,434	1,664,885
Cash Flows from Investing Activities:		
Purchase of property and equipment	(510,310 )	(705,710 )
Cash Flows from Financing Activities:		
Proceeds from revolving loan	100,000	-
Payments on long-term debt and capitalized lease	(955,535 )	(669,574 )
Payments on notes and advances payable to related party	-	(34,500 )
Payments on revolving loan	(385,000 )	
Proceeds from exercised stock options	84,000	-
Dividends paid on preferred stock	(136,233 )	-
Dividends paid by variable interest entity	(102,000 )	-
Net cash used in financing activities	(1,394,768)	(704,074 )
Net Increase (Decrease) in Cash	(98,644 )	255,101
Cash, beginning of period	661,263	366,896
Cash, end of period	\$562,619	\$621,997
Non-Cash Activities:		
Acquisition of equipment from related party	\$75,000	\$-
Preferred dividend accrual	\$26,712	