

GREYSTONE LOGISTICS, INC.  
Form 10-K  
August 31, 2015

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Form 10-K**

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

For the fiscal year ended May 31, 2015

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. Employer  
incorporation or organization) 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)

Securities registered under Section 12(b) of the Act:

Title of each class Name of each exchange on which registered

**None**                      **None**

Securities registered under Section 12(g) of the Act:

**Common Stock, \$0.0001 par value**

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
[ ] Yes [X] No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. [ ] Yes [X] No

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. [X] 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

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(§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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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

As of November 30, 2014, the aggregate market value of the voting common stock held by non-affiliates of the registrant, computed by using the average of the high and low price on such date, was \$5,386,626 (\$0.33 per share).

As of August 26, 2015, the issuer had outstanding a total of 27,411,201 shares of its \$0.0001 par value common stock.

**DOCUMENTS INCORPORATED BY REFERENCE**

None.

**GREYSTONE LOGISTICS, INC.**

**FORM 10-K**

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## **PART I.**

### **Item 1. Business.**

#### **Organization**

Greystone Logistics, Inc. (“Greystone” or the “Company”) was incorporated in Delaware on February 24, 1969, under the name Permaspray Manufacturing Corporation. It subsequently changed its name to Browning Enterprises Inc. in April 1982, to Cabec Energy Corp. in June 1993, to PalWeb Corporation in April 1999 and to Greystone Logistics, Inc. in March 2005, as further described below. In December 1997, Greystone acquired all of the issued and outstanding stock of Plastic Pallet Production, Inc., a Texas corporation (“PPP”), and since that time, Greystone has primarily been engaged in the business of manufacturing and selling plastic pallets.

Effective September 8, 2003, Greystone acquired substantially all of the assets of Greystone Plastics, Inc., an Iowa corporation, through the purchase of such assets by Greystone’s newly formed, wholly-owned subsidiary, Greystone Manufacturing, L.L.C., an Oklahoma limited liability company (“GSM”). Greystone Plastics, Inc. was a manufacturer of plastic pallets used in the beverage industry.

Effective March 18, 2005, Greystone caused its newly formed, wholly owned subsidiary, Greystone Logistics, Inc., an Oklahoma corporation, to be merged with and into Greystone. In connection with such merger and as of the effective time of the merger, Greystone amended its certificate of incorporation by changing its name from PalWeb Corporation to Greystone Logistics, Inc., pursuant to the terms of the certificate of ownership and merger filed by Greystone with the Secretary of State of Oklahoma.

#### **Current Business**

##### **Products**

Greystone’s primary business is the manufacturing of plastic pallets utilizing recycled plastic and selling the pallets through one of its wholly owned subsidiaries, GSM. Greystone sells its pallets through a network of independent contractor distributors and direct sales by its president and other employees. Greystone also markets pallet leasing services. As of May 31, 2015, Greystone had an aggregate in-house production capacity of approximately 70,000

pallets per month for its medium and heavy-duty pallets and 20,000 for its lightweight nestable pallets.

Greystone's product line as of May 31, 2015 consists of the following:

37" X 32" rackable pallet,

40" X 32" rackable pallet,

37" X 37" rackable pallet,

44" X 56" can pallet,

48" X 48" rackable pallet,

48" X 40" rackable pallet,

48" X 44" rackable pallet,

48" X 40" nestable pallet,

24" X 40" display pallet,

48" X 40" monoblock (one-piece) pallet,

Half-barrel keg stackable pallet,

Slim keg stackable pallet, and

36" X 36" rackable pallet.

The principal raw materials used in manufacturing Greystone's plastic pallets are in abundant supply, and some of these materials may be obtained from recycled plastic containers. At the present time, these materials are being purchased from local, national and international suppliers.

### **Other Business**

Greystone processes recycled plastic into pellet form which may be sold or used in Greystone's production of pallets. The sale of pelletized resin is dependent on Greystone's ability to realize reasonable profit, which is generally based on market conditions. Greystone also provides tolling services whereby it grinds and pelletizes a customer's plastic material for a fee.

### **Pallet Industry**

Pallets are devices used for moving and storing freight. A pallet is used as a base for assembling, storing, stacking, handling, and transporting goods as a unit load. A pallet is constructed to facilitate the placement of a lift truck's forks between the levels of a platform so it may be moved easily.

Pallets are used worldwide for the transportation of goods and they are primarily made of wood. There are an estimated 1.9 to 2.0 billion pallets in circulation daily in the United States (an estimated 97% wood pallets and 3% plastic or other pallets). In 2004, the William H. Sardo Jr. Pallet and Container Research Laboratory at Virginia Tech University, under the direction of Dr. Marshall S. "Mark" White, estimated total pallet annual production in the United States at 814 million broken down as follows:

500 million new wood pallets

300 million repaired and used wood pallets

8.3 million plastic pallets

5.5 million corrugated paperboard pallets

1.1 million metal pallets

According to the National Hardwood Lumber Association (NHLA), approximately 4.5 billion board feet of hardwood lumber is used annually for containers and pallets, which is almost 40% of all hardwood produced in the U.S.



According to the U.S. Environmental Protection Agency, deforestation is a significant contributor to global carbon dioxide gas emissions. Deforestation leads to CO<sub>2</sub> emissions because the carbon sequestered in trees is emitted into the atmosphere and not counter-balanced by re-growth of new trees.

A wood container and pallet manufacturing industry report by Supplier Relations US estimated revenue for the year 2009 was approximately \$6.7 billion with a gross profit of 21.11%. The wood pallet and container industry is by no means concentrated, with roughly 2,500 – 3,000 pallet manufacturers and recyclers in operation. The estimated breakdown of wood pallet manufacturers is as follows:

44% manufacture new pallets only

47% manufacture new pallets and recovered use pallets (repair)

9% manufacture recovered use pallets only

Estimates of wood pallet manufacturing industry capacity utilization was at less than 60% in 2000 (Source: Sardo Laboratory). According to the 2007 Economic Census, wood pallet and container manufacturers are rather small, totaling just 2,638 companies with a total of 58,467 employees. Only 65 of these companies reported more than 100 employees and more than 2,000 of these companies reported less than 20 employees. A typical company in this sector has only one establishment. Capital investment in the industry was estimated in 2007 at \$238.5 billion. Recent U.S. Census Bureau statistics also reports the value of shipments has increased almost 45% over the period from 2000 – 2008, or at an annual growth of 5%.

IBIS World forecasts modest industry growth over the next few years with little change in industry structure. Greystone believes that a gradual shifting from wood pallets to plastic pallets will take place over time. Because of the lack of concentration among wood pallet manufacturers, there is a lesser risk of coordinated response (price, performance) against the penetration of plastic pallets. Wood is also a resource which faces environmental pressures (logging issues) as well as possible substantial overseas demand (China). A Freedonia Group industrial research report estimates that the U.S. demand for plastic pallets will grow to \$982 million by 2017 as compared to \$655 million in 2012.

The largest industry users of pallets such as the food, chemical, pharmaceutical, beverage and dairy industries are populated with large public or private entities for which profitable financial performance is paramount. The operating issues presented by wood pallets have been tolerated to date as there has been no viable alternative in sufficient size for replacement.

### *Types of Pallets*

There are over 400 different pallet sizes used by companies in the United States. Some of the most common sizes used in the U.S. according to the American National Standard/MH1 (2005) are listed below:

<b>Pallet Type</b>	<b>Pallet Size</b>	<b>Share of Annual Production (%)</b>
Grocery	48 X 40"	30.0
Chemical	42 X 42"	5.7
Military	40 X 48"	4.0
Beverage	36 X 36"	3.0
Dairy	40 X 40"	3.0

The most common size pallet is the 48 x 40" 4-way pallet or otherwise referred to as the GMA (Grocery Manufacturer Association) pallet, sometimes known in the industry as the "GMA Pallet," "The GMA Pallet," "GMA 48 x 40 Pallet," or "GMA Block Pallet." The GMA acts as a commodity in the pallet industry, as price is often determined by availability. As wood pallets move through their life cycle from a new pallet to a used pallet, they are repaired and put back in service until they are land filled or used as wood compost.

Pallets are the primary interface between the packaged product and today's highly automated material handling equipment. Currently, approximately 90% of the U.S. domestic product is shipped on pallets. Although pallets are not the most glamorous part of the warehouse, they are important because users have expectations based on specifications and wood pallets lack critical manufacturing details that determine performance. The end user becomes frustrated when these pallets do not perform to expectation. Shipments can be damaged or rejected entirely resulting in significant product and revenue losses. This angst is aggravated when new multi-million dollar automated systems are in use.

During the past two decades both timber prices and landfill fees have increased and have compelled businesses to modify the way pallets are managed. Businesses can evaluate and improve their pallet management systems and reduce associated waste by utilizing plastic recycled pallets.

Greystone's management believes that the trend will continue to switch from wood to plastic, with the only limiting factor being price. Greystone intends to continue to conduct research on pallet design strength and coefficient of friction and the materials used to make the plastic pallets as required to meet market demands and improve its existing products.

## **Employees**

As of May 31, 2015, Greystone had 83 full-time employees and used a temporary personnel service to provide additional production personnel as needed.

## **Marketing and Customers**

Greystone's primary focus is to provide quality plastic pallets to its existing customers while continuing its marketing efforts to broaden its customer base. Greystone's existing customers are primarily located in the United States and engaged in the beverage, pharmaceutical and other industries. Greystone has generated and plans to continue to generate interest in its pallets by attending trade shows sponsored by industry segments that would benefit from Greystone's products. Greystone hopes to gain wider product acceptance by marketing the concept that the widespread use of plastic pallets could greatly reduce the destruction of trees on a worldwide basis. Greystone sells to customers through contract distributors or by direct contract through its President and other employees. In addition, Greystone markets pallets through leasing.

Greystone derives a substantial portion of its revenue from one customer. This customer accounted for approximately 51% and 56% of total sales in fiscal years 2015 and 2014, respectively. The design of Greystone's recycled plastic pallets are approved for use by the customer and are the only plastic pallets in use for its case goods and kegs. There is no assurance that Greystone will retain this customer's business at the same level, or at all. The loss of a material amount of business from this customer could have a material adverse effect on Greystone.

## **Competition**

Greystone's primary competitors are a large number of small, privately held firms that sell wood pallets in very limited geographic locations. Greystone believes that it can compete with manufacturers of wood pallets by emphasizing the cost savings realized over the longer life of its plastic pallets as well as the environmental benefits of its plastic pallets as compared to wood pallets. Greystone also competes with three large and approximately ten small manufacturers of plastic pallets. Some of Greystone's competitors may have substantially greater financial and other resources than

Greystone and, therefore, may be able to commit greater resources than Greystone in such areas of product development, manufacturing and marketing. However, Greystone believes that its proprietary designs coupled with the competitive pricing of its products gives Greystone a competitive advantage over other plastic pallet manufacturers.

### **Government Regulation**

The business operations of Greystone are subject to existing and potential federal, state and local environmental laws and regulations pertaining to the handling and disposition of wastes (including solid and hazardous wastes) or otherwise relating to the protection of the environment. In addition, both the plastics industry and Greystone are subject to existing and potential federal, state, local and foreign legislation designed to reduce solid wastes by requiring, among other things, plastics to be degradable in landfills, minimum levels of recycled content, various recycling requirements, disposal fees and limits on the use of plastic products.

### **Patents and Trademarks**

Greystone seeks to protect its technical advances by pursuing national and international patent protection for its products and methods when appropriate.

### **Item 1A. Risk Factors.**

Not applicable.

**Item 1B. Unresolved Staff Comments.**

None.

**Item 2. Properties.**

Greystone leases approximately 3 acres of land and two buildings in Bettendorf, Iowa with a total of 120,000 square feet of manufacturing and warehouse space. The property is leased from Greystone Real Estate, L.L.C. (“GRE”), a variable interest entity owned by Warren F. Kruger, Greystone’s President, CEO and a director, and Robert B. Rosene, Jr., a director of Greystone. The manufacturing and warehouse space is sufficiently equipped and designed to accommodate the manufacturing of plastic pallets and is also used for grinding, processing and pelletizing recycled plastic.

**Item 3. Legal Proceedings.**

None.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**PART II.**

**Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

**Market Information**

Greystone's common stock is traded on the OTCQB under the symbol "GLGI." The following table sets forth the range of high and low per share bid quotations for Greystone's common stock during the time periods indicated. The source of the foregoing quotations was the Financial Industry Regulatory Composite Feed or other qualified inter dealer quotation medium as provided by OTC Market Group, Inc.:

<b>Quarter Ended</b>	<b>High</b>	<b>Low</b>
Aug. 31, 2013	\$0.45	\$0.29
Nov. 30, 2013	0.41	0.30
Feb. 28, 2014	0.40	0.31
May 31, 2014	0.55	0.36
Aug. 31, 2014	0.60	0.47
Nov. 30, 2014	0.50	0.29
Feb. 28, 2015	0.38	0.22
May 31, 2015	0.34	0.24

Quotations reflect inter-dealer prices, without retail mark-up, markdown or commission and may not represent actual transactions.

### **Holders**

As of approximately July 16, 2015, Greystone had approximately 263 common stockholders of record.

### **Dividends**

Greystone paid no cash dividends to its common stockholders during the last two fiscal years and does not plan to pay any cash dividends in the near future. The loan agreement dated January 31, 2014 (the "IBC Loan Agreement"), among Greystone, GSM and International Bank of Commerce ("IBC") prohibits Greystone from declaring or paying any dividends in respect of its common stock without IBC's prior written consent. See Note 5 to the consolidated financial statements for additional information. In addition, accrued preferred stock dividends must be paid before a dividend on common stock may be declared or paid, as set forth in the Certificate of Designation, Preferences, Rights and Limitations relating to the preferred stock. See Note 8 to the consolidated financial statements and "Liquidity and Capital Resources" in Item 7 of this Form 10-K for additional information.

Greystone paid dividends on its 2003 preferred stock in the amounts of \$298,288 and \$3,548,286 in fiscal years 2015 and 2014, respectively.

**Item 6. Selected Financial Data.**

Not applicable.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

**Cautionary Statement Regarding Forward-Looking Information**

This Annual Report on Form 10-K includes "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements concern Greystone's plans, expectations and objectives for future operations. All statements, other than statements of historical facts, included in this Form 10-K that address activities, events or developments that Greystone expects, believes or anticipates will or may occur in the future are forward-looking statements. The words "believe," "plan," "intend," "anticipate," "estimate," "project" and similar expressions are intended to identify forward-looking statements. These forward-looking statements include, among others, such things as:

expansion and growth of Greystone's business and operations;

future financial performance;

future acquisitions and developments;

potential sales of products;

future financing activities; and

business strategy.

These forward-looking statements are based on assumptions that Greystone believes are reasonable based on current expectations and projections about future events and industry conditions and trends affecting Greystone's business. However, whether actual results and developments will conform to Greystone's expectations and predictions is subject to a number of risks and uncertainties that could cause actual results to differ materially from those contained in the



forward-looking statements, including those factors discussed under the section of this Form 10-K entitled “Risk Factors.” In addition, Greystone’s historical financial performance is not necessarily indicative of the results that may be expected in the future and Greystone believes that such comparisons cannot be relied upon as indicators of future performance.

### **Risk Factors**

**Greystone has attained operating profits and positive cash flow from operating activities but there is no assurance that it will be able to sustain profitability.**

Greystone was incorporated on February 24, 1969. From April 1993 to December 1997, Greystone was engaged in various businesses, including the business of exploration, production, and development of oil and gas properties in the continental United States and the operation of a related service business. In December 1997, Greystone acquired all of the issued and outstanding stock of Plastic Pallet Production, Inc., and its principal business changed to selling plastic pallets. Greystone incurred losses from operations from such time through fiscal year 2007. The results of Greystone’s operations for the fiscal years after fiscal year 2007 showed an operating profit and positive cash flows from operations with the exception of fiscal year 2011 for which Greystone incurred a loss but had positive operating income and positive cash flows from operations. There is no assurance that Greystone will maintain a positive operating profit or otherwise obtain funds to finance capital and debt service requirements.

**Greystone has granted security interests in substantially all of its assets in connection with certain debt financings and other transactions.**

In connection with certain debt financings and other transactions, Greystone has granted third parties security interests in substantially all of its assets pursuant to agreements entered into with such third parties. Upon the occurrence of an event of default under such agreements, the secured parties may enforce their rights and Greystone may lose all or a portion of its assets. As a result, Greystone could be forced to materially reduce its business activities or cease operations.

**Greystone's business could be affected by changes in availability of raw materials.**

Greystone uses a proprietary mix of raw materials to produce its plastic pallets. Such raw materials are generally readily available and some may be obtained from a broad range of recycled plastic suppliers and unprocessed waste plastic. At the present time, these materials are being purchased from local, national and international suppliers. The availability of Greystone's raw materials could change at any time for various reasons. For example, the market demand for Greystone's raw materials could suddenly increase, or the rate at which plastic materials are recycled could decrease, affecting both availability and price. Additionally, the laws and regulations governing the production of plastics and the recycling of plastic containers could change and, as a result, affect the supply of Greystone's raw materials. Any interruption in the supply of raw materials or components could have a material adverse effect on Greystone. Furthermore, certain potential alternative suppliers may have pre-existing exclusive relationships with Greystone's competitors and others that may preclude Greystone from obtaining raw materials from such suppliers.

**Greystone's business could be affected by competition and rapid technological change.**

Greystone currently faces competition from many companies that produce wooden pallets at prices that are substantially lower than the prices Greystone and other companies that manufacture plastic pallets charge for their plastic pallets. It is anticipated that the plastic pallet industry will be subject to intense competition and rapid technological change. Greystone could potentially face additional competition from recycling and plastics companies, many of which have substantially greater financial and other resources than Greystone and, therefore, are able to spend more than Greystone in areas such as product development, manufacturing and marketing. Competitors may develop products that render Greystone's products or proposed products uneconomical or result in products being commercialized that may be superior to Greystone's products. In addition, alternatives to plastic pallets could be developed, which would have a material adverse effect on Greystone.

**Greystone is dependent on one large customer.**

Greystone derives, and expects that in the foreseeable future it will continue to derive, a large portion of its revenue from a few large customers. A single customer currently accounts for approximately 51% of its total sales in fiscal year 2015 (56% in fiscal year 2014). There is no assurance that Greystone will retain this customer's business at the same level, or at all. The loss of a material amount of business from this customer would have a material adverse effect on Greystone.

**Greystone may not be able to effectively protect Greystone's patents and proprietary rights.**

Greystone relies upon a combination of patents and trade secrets to protect its proprietary technology, rights and know-how. There can be no assurance that such patent rights will not be infringed upon, that Greystone's trade secrets will not otherwise become known to or independently developed by competitors, that non-disclosure agreements will not be breached, or that Greystone would have adequate remedies for any such infringement or breach. Litigation may be necessary to enforce Greystone's proprietary rights or to defend Greystone against third-party claims of infringement. Such litigation could result in substantial cost to, and a diversion of effort by, Greystone and its management and may have a material adverse effect on Greystone. Greystone's success and potential competitive advantage is dependent upon its ability to exploit the technology under these patents. There can be no assurance that Greystone will be able to exploit the technology covered by these patents or that Greystone will be able to do so exclusively.

**Greystone's business could be affected by changing or new legislation regarding environmental matters.**

Greystone's business is subject to changing federal, state and local environmental laws and regulations pertaining to the discharge of materials into the environment, the handling and disposition of waste (including solid and hazardous waste) or otherwise relating to the protection of the environment. As is the case with manufacturers in general, if a release of hazardous substances occurs on or from Greystone's properties or any associated off-site disposal location, or if contamination from prior activities is discovered at any of Greystone's properties, Greystone may be held liable. No assurances can be given that additional environmental issues will not require future expenditures. In addition, both the plastics industry and Greystone are subject to existing and potential federal, state, local and foreign legislation designed to reduce solid wastes by requiring, among other things, plastics to be degradable in landfills, minimum levels of recycled content, various recycling requirements and disposal fees and limits on the use of plastic products. In addition, various consumer and special interest groups have lobbied from time to time for the implementation of these and other such similar measures. Although Greystone believes that the legislation promulgated to date and such initiatives to date have not had a material adverse effect on it, there can be no assurance that any such future legislative or regulatory efforts or future initiatives would not have a material adverse effect.

**Greystone's business could be subject to potential product liability claims.**

The testing, manufacturing and marketing of Greystone's products and proposed products involve inherent risks related to product liability claims or similar legal theories that may be asserted against Greystone, some of which may cause Greystone to incur significant defense costs. Although Greystone currently maintains product liability insurance coverage that it believes is adequate, there can be no assurance that the coverage limits of its insurance will be adequate under all circumstances or that all such claims will be covered by insurance. In addition, these policies generally must be renewed every year. While Greystone has been able to obtain product liability insurance in the past, there can be no assurance it will be able to obtain such insurance in the future on all of its existing or future products. A successful product liability claim or other judgment against Greystone in excess of its insurance coverage, or the loss of Greystone's product liability insurance coverage could have a material adverse effect upon Greystone.

**Greystone currently depends on certain key personnel.**

Greystone is dependent on the experience, abilities and continued services of its current management. In particular, Warren Kruger, Greystone's President and CEO, has played a significant role in the development, management and financing of Greystone. The loss or reduction of services of Warren Kruger or any other key employee could have a material adverse effect on Greystone. In addition, there is no assurance that additional managerial assistance will not be required, or that Greystone will be able to attract or retain such personnel.

**Greystone's executive officers and directors control a large percentage of Greystone's outstanding common stock and all of Greystone's 2003 preferred stock, which entitles them to certain voting rights, including the right to elect a majority of Greystone's Board of Directors.**

Greystone's executive officers and directors (and their affiliates), in the aggregate, own approximately 42% of Greystone's outstanding common stock and have approximately 49% of the voting power. Therefore, Greystone's executive officers and directors can have significant influence with respect to the outcome of matters submitted to Greystone's shareholders for approval (including the election and removal of directors and any merger, consolidation or sale of all or substantially all of Greystone's assets) and to control Greystone's management and affairs. In addition, two of Greystone's directors (including one who also serves as one of Greystone's executive officers) own all of Greystone's outstanding 2003 preferred stock, with each owning 50%. The terms and conditions of Greystone's 2003 preferred stock provide that such holder has the right to elect a majority of Greystone's Board of Directors. Such concentration of ownership may have the effect of delaying, deferring or preventing a change in control, impeding a merger, consolidation, takeover or other business combination or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control, which in turn could have an adverse effect on the market price of Greystone's common stock.

**Greystone's stock trades in a limited public market and is subject to price volatility. There can be no assurance that an active trading market will develop or be sustained.**

There has been a limited public trading market for Greystone's common stock and there can be no assurance that an active trading market will develop or be sustained. The trading price of Greystone's common stock could be subject to significant fluctuations in response to variations in quarterly operating results or even mild expressions of interest on a given day. Accordingly, Greystone's common stock should be expected to experience substantial price changes in short periods of time. Even if Greystone is performing according to its plan and there is no legitimate company-specific financial basis for this volatility, it must still be expected that substantial percentage price swings will occur in Greystone's common stock for the foreseeable future. In addition, the limited market for Greystone's common stock may restrict Greystone's shareholders ability to liquidate their shares.

**Greystone does not expect to declare or pay any dividends on its common stock in the foreseeable future.**

Greystone has not declared or paid any dividends on its common stock. Greystone currently intends to retain future earnings to fund the development and growth of its business, to repay indebtedness and for general corporate purposes, and, therefore, does not anticipate paying any cash dividends on its common stock in the foreseeable future. Pursuant to the terms and conditions of certain loan documentation with International Bank of Commerce and the terms and conditions of Greystone's 2003 preferred stock, Greystone is restricted in its ability to pay dividends to holders of its common stock.

**Greystone's common stock may be subject to secondary trading restrictions related to penny stocks.**

Certain transactions involving the purchase or sale of Greystone's common stock may be affected by a Commission rule for "penny stocks" that imposes additional sales practice burdens and requirements upon broker-dealers that purchase or sell such securities. For transactions covered by this penny stock rule, among other things, broker-dealers must make certain disclosures to purchasers prior to the purchase or sale. Consequently, the penny stock rule may impede the ability of broker-dealers to purchase or sell Greystone's common stock for their customers and the ability of persons now owning or subsequently acquiring Greystone's common stock to resell such securities.

**Greystone may issue additional equity securities, which would lead to further dilution of Greystone's issued and outstanding stock.**

The issuance of additional common stock or securities convertible into common stock would result in further dilution of the ownership interest in Greystone held by existing shareholders. Greystone is authorized to issue, without shareholder approval, 20,700,000 shares of preferred stock, \$0.0001 par value per share, in one or more series, which may give other shareholders dividend, conversion, voting and liquidation rights, among other rights, which may be superior to the rights of holders of Greystone's common stock. In addition, Greystone is authorized to issue, without shareholder approval, over 4,971,400,000 additional shares of its common stock and securities convertible into common stock.

**Results of Operations**

**General**

The consolidated financial statements include Greystone and its two wholly-owned subsidiaries, Greystone Manufacturing, L.L.C. (“GSM”), and Plastic Pallet Production, Inc. (“PPP”), and one variable interest entity, Greystone Real Estate, L.L.C. (“GRE”).

Greystone’s primary business is the manufacturing of plastic pallets utilizing recycled plastic and selling the pallets through one of its wholly owned subsidiaries, GSM. In addition, GSM provides tolling services, consisting of grinding and pelletizing recycled resin, on materials belonging to third parties and on GSM’s materials which are sold in pellet form.

As of May 31, 2015, Greystone had 83 full-time employees and used temporary personnel as needed. Greystone’s in-house production capacity for its medium and heavy-duty pallets is about 70,000 plastic pallets per month, or 840,000 per year and about 20,000 per month, or 240,000 per year, for its lightweight nestable pallets. Production levels generally will vary proportionately with sales.

#### **Year Ended May 31, 2015 Compared to Year Ended May 31, 2014**

##### Sales

Sales were \$22,293,922 for fiscal year 2015 compared to \$23,449,936 for fiscal year 2014 for a decrease of \$1,156,014. Pallet sales were \$21,064,335 in fiscal year 2015 compared to \$22,086,768 in fiscal year 2014 for a decrease of \$1,022,433. Other sales decreased \$133,581 from \$1,363,168 in fiscal year 2014 to \$1,229,587 in fiscal year 2015.

Pallet sales to Greystone's major customer were approximately 51% of total sales in fiscal year 2015 compared to 56% in fiscal year 2014. The decline in pallet sales to Greystone's major customer of approximately \$1.7 million was partially offset by increases in sales to other customers.

Other sales consist of sales of pelletized-recycled plastic and tolling services for third parties. The decline in other sales is primarily due to a decrease approximately \$339,000 in sales of Greystone's pelletized material offset by tolling service revenue which originated in fiscal year 2015. Sales of pelletized-recycled plastic will vary depending on market conditions which will allow Greystone to realize an acceptable profit margin in the relationship of sales to the cost of purchasing and pelletizing raw materials. Increases in tolling services will limit the amount of pelletized plastic which can be produced for resale.

#### Cost of Sales

Cost of sales was \$18,269,192 (82% of sales) and \$18,107,627 (77% of sales) in fiscal years 2015 and 2014, respectively. The ratio of cost of pallet sales to pallet sales in fiscal year 2015 was 81% in fiscal year 2015 compared 75% for fiscal year 2014. The increase in cost of sales in fiscal year 2015 compared to 2014 is principally due to the inflexible fixed costs in pallet production and development costs incurred during the last three months of fiscal year 2015 in preparation to meet the production requirements for new customers.

The cost of sales for other sales was approximately 99% of sales for fiscal year 2015 compared to approximately 110% of resin sales for fiscal year 2014.

#### General, Selling and Administrative Expenses

General, selling and administrative expense was \$2,168,762 for fiscal year 2015 compared to \$2,409,115 for fiscal year 2014 for a decrease of \$240,353 or approximately 10%. The decrease in fiscal year 2015 from fiscal year 2014 is primarily due to a fee of \$65,000 which was paid in fiscal year 2014 to Robert B. Rosene, Jr., a Greystone board member, for his services in assisting Greystone in procuring its loans from IBC (including his personal guarantee on the loans) and legal and other costs incurred in fiscal year 2014 with respect to a proposal by Greystone to effect a reverse split, which proposal was subsequently withdrawn.

#### Interest Expense



Interest expense was \$818,136 in fiscal year 2015 compared to \$846,568 in fiscal year 2014 for a decrease of \$28,432. This decrease is primarily attributable to the impact of the five year amortization for the IBC term loan.

*(Provision for) Benefit from Income Taxes*

The provision for income taxes was \$430,763 in fiscal year 2015 compared to a benefit from income taxes of \$1,040,000 in fiscal year 2014. The benefit from income taxes for fiscal year 2014 was the result of a decrease in the valuation allowance management considered necessary in determining the amount of tax benefit that will be utilized from net operating losses (NOLs) originating from prior years. As of May 31, 2014, as well as May 31, 2015, Greystone's management determined that no valuation allowance was considered necessary. The effective tax rate differs from federal statutory rates due to net income from GRE which, as a limited liability company, is not taxed at the corporate level and certain expiring NOLs which are limited by the Internal Revenue Code due to a change in control of the ownership of Greystone.

Until the NOLs are fully realized for income tax purposes, management will continue to evaluate the extent that a valuation allowance is needed. Factors that management will consider, among others, are continued diversity in Greystone's customer base and stability in its sales volumes.

Based upon a review of its income tax filing positions, Greystone believes that its positions would be sustained upon an audit by the Internal Revenue Service and does not anticipate any adjustments that would result in a material change to its financial position. Therefore, no reserves for uncertain income tax positions have been recorded.

*Net Income*

Net income was \$609,569 in fiscal year 2015 compared to \$3,131,626 in fiscal year 2014 for a decrease of \$2,522,057 for the reasons discussed above.

*Net Income Attributable to Common Stockholders*

After deducting preferred dividends and income attributable to non-controlling interests, the net income attributable to common stockholders was \$57,565, or \$0.00 per share, in fiscal year 2015 compared to \$2,606,063, or \$0.10 per share, in fiscal year 2014 for the reasons discussed above.



**Liquidity and Capital Resources****General**

A summary of Greystone's cash flows for the year ended May 31, 2015 is as follows:

Cash provided by operating activities	\$3,307,469
Cash used in investing activities	\$(991,950 )
Cash used in financing activities	\$(2,377,895)

Long-term debt obligations of Greystone as of May 31, 2015 are as follows:

<b>Total</b>	<b>1 year</b>	<b>2-3 years</b>	<b>4-5 years</b>	<b>Over 5 years</b>
\$12,579,011	\$2,278,164	\$6,275,683	\$4,025,164	\$ —

Greystone had a working capital deficit of \$(30,559) at May 31, 2015. The exclusion of accrued interest payable to Robert B. Rosene, Jr., a member of Greystone's board of directors, in the amount of \$2,143,275 as of May 31, 2015 results in working capital of \$2,112,716.

Greystone's principal long-term debt obligations include a term note with International Bank of Commerce which matures on January 31, 2019 and a note payable and accrued interest payable to Mr. Rosene maturing on January 15, 2017. To provide for the funding to meet Greystone's operating activities and contractual obligations as of May 31, 2015, Greystone will have to continue to produce positive operating results or explore various options including long-term debt and equity financing. However, there is no guarantee that Greystone will continue to create positive operating results or be able to raise sufficient capital to meet these obligations.

As described below, substantially all of the financing that Greystone has received through May 31, 2015 has been provided by loans or through bank loan guarantees from the officers and directors of Greystone, the offerings of preferred stock to current and former officers and directors of Greystone in 2001 and 2003 and through a private placement of common stock completed in March 2005. Greystone continues to be dependent upon its officers and directors to provide and/or secure additional financing and there is no assurance that either will do so.

Greystone has 50,000 outstanding shares of cumulative 2003 Preferred Stock for a total of \$5,000,000 with a preferred dividend rate at the prime rate of interest plus 3.25%. Greystone paid the accumulated dividends to its preferred stockholders during fiscal years 2015 and 2014 and plans to continue to make preferred stock dividend payments to the holders of its preferred stock as allowed under the terms of the IBC Loan Agreement as discussed herein under the caption "Loans from International Bank of Commerce" which allows for such payments not to exceed \$500,000 per year. Greystone does not anticipate that it will make cash dividend payments to any holders of its common stock unless and until the financial position of Greystone improves through increased revenues, additional financing or otherwise. Further, pursuant to the terms and conditions of certain loan documentation with International Bank of Commerce, as discussed herein under the caption "Loans from International Bank of Commerce," and the terms and conditions of Greystone's 2003 preferred stock, Greystone is restricted in its ability to pay dividends to holders of its common stock.

### **Transactions with Warren Kruger and Related Entities**

Yorktown Management & Financial Services, LLC ("Yorktown"), an entity wholly owned by Greystone's CEO and President, owns and rents to Greystone (1) grinding equipment used to grind raw materials for Greystone's pallet production and (2) extruders for pelletizing recycled plastic into pellets for resale and for use as raw material in the manufacture of pallets. Yorktown also owns a plastic grinding and wash line facility used to recycle plastic into usable raw material which Greystone may purchase at market prices. Greystone compensates Yorktown for the use of equipment as discussed below. In addition, Yorktown provides office space for Greystone in Tulsa, Oklahoma at a monthly rental of \$2,200 (\$2,000 prior to April 1, 2015).

Greystone pays the labor on behalf of Yorktown's Tulsa, Oklahoma grinding operation. These costs are invoiced to Yorktown on a monthly basis. As of May 31, 2015, Yorktown owes Greystone \$450,748 primarily from the aforementioned labor costs incurred by Greystone on behalf of Yorktown.

*Rental fees.* GSM pays a weekly rental fees of \$22,500 and \$5,000 to Yorktown for grinding equipment and pelletizing equipment, respectively. Total rental fees of approximately \$1,430,000 were paid in both fiscal years 2015 and 2014.

*Acquisition of equipment.* On and effective January 31, 2014, Greystone, GSM, Warren Kruger, Greystone's President and CEO, and Yorktown entered into a Bill of Sale and Assignment (the "Bill of Sale") providing for the acquisition of an injection molding machine, a lift crane and several injection molds by GSM from Yorktown for \$2,400,000. Immediately prior to the acquisition, Yorktown owed GSM \$3,750,085 and Greystone owed Mr. Kruger \$2,662,782. The Bill of Sale provided for the offset of GSM's receivable and Greystone's payable, on a dollar-for-dollar basis, leaving a balance of \$1,087,303 owed by Yorktown. The purchase price of \$2,400,000 was offset by the balance of \$1,087,303 owed by Yorktown resulting in a cash payment to Yorktown of \$1,312,697. Greystone made payments to Yorktown of \$84,983 for use of this equipment in fiscal year 2014.

*Other transactions.* Effective December 15, 2005, Greystone entered into a loan agreement with Warren Kruger to convert \$527,716 of advances due him into a note payable at 7.5% interest and Mr. Kruger has waived payment of interest and principal thereon until January 15, 2015. As discussed above effective January 31, 2014, Mr. Kruger applied this note and advances and accrued interest of \$1,318,295 as an offset against certain balances which Yorktown owed to Greystone. Through January 31, 2014, Greystone accrued interest of \$93,729 on advances and note payable to Mr. Kruger at the rate of 7.5% per year.

#### **Loans from International Bank of Commerce ("IBC")**

On January 31, 2014, Greystone and GSM (the "Borrowers") and IBC entered into a Loan Agreement (the "IBC Loan Agreement"). The IBC Loan Agreement provides for a revolving loan in an aggregate principal amount of up to \$2,500,000 (the "Revolving Loan") and a term loan in the aggregate principal amount of \$9,200,000 (the "Term Loan"). The exact amount which can be borrowed under the Revolving Loan from time to time is dependent upon the amount of the borrowing base, but can in no event exceed \$2,500,000.

The Revolving Loan bears interest at the New York Prime Rate plus 0.5% but not less than 4.0% and matures January 31, 2016. The Borrowers are required to pay all interest accrued on the outstanding principal balance of the Revolving Loan on a monthly basis. Any principal on the Revolving Loan that is prepaid by the Borrowers does not reduce the original amount available to the Borrowers. The proceeds from the Revolving Loan are used for general working

capital purposes.

The Term Loan bears interest at 4.5% per annum and matures January 31, 2019. The Borrowers are required to make equal payments of principal and interest in an amount sufficient to amortize the principal balance of the Term Loan over five years. The proceeds from the Term Loan were primarily used to repay the Borrowers' obligations to The F&M Bank & Trust Company in the amount of \$3,992,083, to pay accrued preferred dividends of \$3,469,040 and to pay \$1,312,697 to Yorktown for the acquisition of equipment.

#### **Advances and Loans from Robert Rosene**

Effective December 15, 2005, Greystone entered into an agreement with Mr. Rosene to convert \$2,066,000 of advances into a note payable at 7.5% interest. Mr. Rosene has waived payment of principal until January 15, 2017. Greystone has accrued interest on the loans in the amounts of \$307,276 and \$284,845 in fiscal years 2015 and 2014, respectively. Accrued interest due to Mr. Rosene at May 31, 2015 is \$2,143,275.

#### **Off-Balance Sheet Arrangements**

Greystone does not have any off-balance sheet arrangements.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

Not applicable.

**Item 8. Financial Statements and Supplementary Data.**

The consolidated financial statements of Greystone are set forth on pages F-1 through F-16 inclusive, found at the end of this report.

**Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.**

None.

**Item 9A. Controls and Procedures.**

**Evaluation of Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to ensure that information required to be disclosed by Greystone in reports filed or submitted under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed under the Exchange Act is accumulated and communicated to management, including the principal executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

As of May 31, 2015, an evaluation was performed under the supervision and with the participation of Greystone's principal executive officer (CEO) and principal financial officer (CFO) of the effectiveness of the design and

operation of Greystone's disclosure controls and procedures pursuant to the Exchange Act Rules 13a-15(e) and 15d-15(e). Based on this evaluation, Greystone's CEO and CFO have concluded that Greystone's disclosure controls and procedures were not effective as of May 31, 2015 as a result of the two material weaknesses identified below.

### **Management's Report on Internal Control Over Financial Reporting**

Greystone's CEO and CFO are responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Greystone's internal controls were designed to provide reasonable assurance as to the reliability of Greystone's financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with generally accepted accounting principles in the United States, as well as to safeguard assets from unauthorized use or disposition.

Due to inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of control effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Greystone's CEO and CFO made an assessment of the effectiveness of Greystone's internal control over financial reporting as of May 31, 2015. In making this assessment, Greystone's CEO and CFO used the criteria established in Internal Control—Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). During this evaluation, Greystone's CEO and CFO identified two material weaknesses. As a result of these two material weaknesses, Greystone's CEO and CFO concluded that Greystone did not maintain effective internal control over financial reporting as of May 31, 2015. The material weaknesses are as follows:

(i) Greystone lacks the necessary corporate accounting resources to maintain adequate segregation of duties. Reliance on these limited resources impairs Greystone's ability to provide for proper segregation of duties and the ability to ensure consistently complete and accurate financial reporting, as well as disclosure controls and procedures.



(ii) Greystone, at the parent entity level, has limited resources to ensure that necessary internal controls are implemented and followed throughout the company, including its subsidiaries. Because of this limitation with respect to the ability to allocate sufficient resources to internal controls, material misstatements could occur and remain undetected, implementation of new accounting standards could be hindered and risk assessment and monitoring may not be addressed in a timely manner.

### **Changes in Internal Control over Financial Reporting**

During the period covered by this report, there was no change in Greystone's internal controls over financial reporting that has materially affected or that is reasonably likely to materially affect Greystone's internal control over financial reporting.

### **Item 9B. Other Information.**

None.

## **PART III.**

### **Item 10. Directors, Executive Officers and Corporate Governance.**

#### **Directors, Executive Officers, Promoters and Control Persons**

The following lists the directors and executive officers of Greystone and a significant employee of Greystone. Directors of Greystone are elected at annual meetings of shareholders unless appointed by the Board of Directors to fill a vacancy upon the resignation or removal of a member or an increase in the number of members of the Board of Directors. Executive officers serve at the pleasure of the Board of Directors.

<b>Name</b>	<b>Position</b>	<b>Term as Director Expires</b>
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Warren F. Kruger	President, Chief Executive Officer and Director	2015
Larry LeBarre	Director	2015
Robert B. Rosene, Jr.	Director	2015
William W. Rahhal	Chief Financial Officer	N/A

**Warren F. Kruger, President, Chief Executive Officer and Director**

Mr. Warren F. Kruger, Manager/CEO of privately held Yorktown Management & Financial Services, L.L.C., is 59 years old. Yorktown is involved in investment banking, real estate, manufacturing and energy endeavors. Mr. Kruger is the non-executive chairman of the board of directors of TriEnda Holdings, LLC. TriEnda Holdings manufactures plastic pallets utilizing a thermoform process. Because of the different qualities between the pallets manufactured by Greystone and TriEnda, there is no direct competition between the two companies. Mr. Kruger earned a Bachelor of Business Administration degree from the University of Oklahoma, and an Executive M.B.A. from Southern Methodist University. Mr. Kruger has over thirty years of experience in the financial services industry. In 1980, Mr. Kruger co-founded MCM Group, Ltd., which owned and controlled United Bank Club Association, Inc. until 1996 when the firm was sold to a subsidiary of Cendant Corp. (a former NYSE company). He also owned and operated Century Ice, a manufacturer and distributor of ice products from 1996 to 1997, when Packaged Ice, Inc., acquired Century Ice in an industry rollup. Mr. Kruger is a partner with William W. Pritchard in privately held WCC, with investments in oil and gas, real estate and investment banking.

Mr. Kruger became a director of Greystone on January 4, 2002, served as President and Chief Executive Officer from January 10, 2003 to August 15, 2005 and, most recently, has served as President and Chief Executive Officer from November 18, 2006 to the present.

Mr. Kruger's business experience and knowledge of the day to day operations of Greystone make him well suited to serve on Greystone's board of directors.

**Mr. Larry J. LeBarre, Director**

Mr. LeBarre, age 59, was President and CEO of privately-held Native American Marketing (“Native American”) until 2014 when the company was sold to Seminole Energy. Native American was founded by Mr. LeBarre in 2004 as an oil transportation, storage, and marketing business. Mr. LeBarre earned a Bachelor of Business Administration degree from the University of Oklahoma, became a Certified Public Accountant while working for Price Waterhouse & Co. (now PriceWaterhouseCoopers, LLP) and continued his career in the hazardous waste industry and later with Plains Resources. Mr. LeBarre is also actively involved in investment banking, real estate, and oil and gas investments. Mr. LeBarre became a director of Greystone effective May 5, 2012.

Mr. LeBarre’s business experience makes him qualified to serve as a member of Greystone’s board of directors.

**Mr. Robert B. Rosene, Jr., Director**

Mr. Rosene, age 61, is Chairman of Seminole Energy Services, L.L.C., a natural gas marketing and gathering company that he co-founded in 1998. Also in 1998, Mr. Rosene co-founded Summit Exploration, L.L.C., an oil and gas production company that holds oil and gas production in several states. Mr. Rosene has served as a director of publicly traded Sooner Holdings, Inc. since 1985. Mr. Rosene has a B.A. with an emphasis in accounting from Oklahoma Baptist University.

Mr. Rosene’s business experience and longstanding relationship with Greystone make him a good fit as a member of Greystone’s board of directors.

Mr. Rosene became a director of Greystone effective June 14, 2004.

**William W. Rahhal, Chief Financial Officer**

Mr. Rahhal, age 74, served as managing partner of Rahhal Henderson Johnson, PLLC, Certified Public Accountants, in Ardmore, Oklahoma, from 1988 to 2010 and retired from the firm effective December 31, 2013. Mr. Rahhal previously served as Greystone’s Chief Financial Officer from October 1, 2002 to October 1, 2004 and subsequently served Greystone as an accounting and financial consultant until his appointment as its Chief Financial Officer. Mr. Rahhal earned his B.B.A. from the University of Oklahoma and is a Certified Public Accountant licensed in

Oklahoma and Texas. Mr. Rahhal has also previously served as a Senior Manager with Price Waterhouse & Co. (now PriceWaterhouseCoopers, LLP) and as financial manager of a privately-held oil and gas production company and contract drilling company.

**Identification of the Audit Committee; Audit Committee Financial Expert**

As of May 31, 2015, Greystone had not established an audit committee and the entire Board of Directors essentially serves as Greystone's audit committee.

**Code of Ethics**

Effective April 8, 2008, Greystone adopted a Code of Ethics applicable to Greystone's officers and directors, including Greystone's principal executive officer, principal financial officer, principal accounting officer or persons performing similar functions. Greystone undertakes to provide any person without charge, upon request, a copy of such Code of Ethics. Requests may be directed to Greystone Logistics, Inc., 1613 East 15th Street, Tulsa, Oklahoma 74120, or by calling (918) 583-7441.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires Greystone's directors, officers and persons who beneficially own more than 10% of any class of Greystone's equity securities registered under Section 12 to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of such registered securities of Greystone. Officers, directors and greater than 10% beneficial owners are required by regulation to furnish to Greystone copies of all Section 16(a) reports they file.

Based solely on review of the copies of such reports furnished to Greystone and any written representations that no other reports were required during fiscal year 2015, to Greystone's knowledge, all Section 16(a) filing requirements applicable to its officers, directors and greater than 10% beneficial owners during fiscal year 2015 were complied with on a timely basis, except as follows:

Name	Number of Late Reports	Number of Reports Not Reported on a Timely Basis	Number of Reports Not Filed
Warren F. Kruger	2	2	0
Robert B. Rosene, Jr.	1	1	0
William W. Rahhal	1	1	0

#### Item 11. Executive Compensation.

The following table sets forth the compensation paid to named executive officers during the fiscal years ended May 31, 2015, 2014 and 2013:

#### Summary Compensation Table

Name and Principal Position	Fiscal Year Ending May 31,	Salary	Bonus	Option Awards	Nonqualified Deferred Compensation Earnings	Total
Warren F. Kruger, President and Chief Executive Officer	2015	\$240,000	\$2,000	\$-	\$ -	\$242,000
	2014	\$240,000	\$32,000	\$-	\$ -	\$272,000
	2013	\$240,000	\$29,000	\$50,800	\$ -	\$319,880
William W. Rahhal, Chief Financial Officer	2015	\$100,000	\$2,000	\$-	\$ -	\$102,000
	2014	\$79,808	\$14,500	\$-	\$ -	\$94,308
	2013	\$65,000	\$10,000	\$25,440	\$ -	\$100,440

The following table provides information with respect to named executive officers concerning outstanding equity awards as of May 31, 2015:

**Outstanding Equity Awards at Fiscal Year End**

<b>Name and Principal Position</b>	<b>Number of Securities Underlying Unexercised Options – Exercisable</b>	<b>Number of Securities Underlying Unexercised Options – Unexercisable</b>	<b>Option Exercise Price</b>	<b>Option Expiration Date</b>
Warren F. Kruger, President and Chief Executive Officer	-	250,000	(a) \$ 0.12	5/31/2022
William W. Rahhal, Chief Financial Officer	-	125,000	(a) \$ 0.12	5/31/2022
Larry LeBarre, Member of Board of Directors	-	100,000	(a) \$ 0.12	5/31/2022
Robert B. Rosene, Jr., Member of Board of Directors	-	175,000	(a) \$ 0.12	5/31/2022

(a) The options become exercisable 50% effective June 1, 2015 and 50% June 1, 2016.

**Directors' Compensation**

Greystone does not normally pay cash compensation to the members of its Board of Directors for their service on the Board. However, as discussed under the caption "Other Transactions" in Item 13, Greystone paid Mr. Rosene a fee of \$65,000 during the year ended May 31, 2014 in connection with his efforts for Greystone to obtain financing from IBC, including his corresponding guaranty thereof. From time to time in the past, Greystone has granted options to the members of its Board of Directors under its stock option plan as compensation for serving on Greystone's Board of Directors.

Because the Board of Directors consists of three persons of which two are outside directors, the Board has not considered it necessary to create a compensation committee. All of Greystone's directors participate in determining compensation for officers.

### **Compensation Program as it Relates to Risk**

We have reviewed our compensation policies and practices for both executives and non-executives as they relate to risk and have determined that at this time they are not reasonably likely to have a material adverse effect on us.

### **Amended and Restated Stock Option Plan**

**General.** Greystone's Amended and Restated Stock Option Plan (the "Stock Plan") is administered by the Board of Directors of Greystone or, if the Board so authorizes, by a committee of the Board of Directors consisting of not less than two members of the Board of Directors. The Stock Plan is presently administered by the entire Board of Directors since no separate committee of the Board has been designated to administer the Stock Plan. Accordingly, many of the references below in this description of the Stock Plan to the Board of Directors could also be construed to be a committee thereof. All managerial and other key employees of Greystone and/or its subsidiaries who hold positions of significant responsibility or whose performance or potential contribution, in the judgment of the Board of Directors, will benefit the future success of Greystone are eligible to receive grants under the Stock Plan. In addition, each director of Greystone who is not an employee of Greystone is eligible to receive certain option grants pursuant to provisions of the Stock Plan. Previously, the Stock Plan was set to expire on May 11, 2011 and the maximum number of shares of common stock in respect of which options could be granted under the Stock Plan was 2,000,000. However, on May 5, 2012, the Board of Directors voted to cause the Stock Plan to be extended for another 10 years and to increase the number of shares of common stock in respect of which options could be granted to 2,500,000. This number is subject to appropriate equitable adjustment in the event of a reorganization, stock split or stock dividend or other similar change affecting Greystone's common stock.

**Price and Terms.** Each option is evidenced by an agreement between Greystone and the optionee. Unless otherwise determined by the Board of Directors at the time of grant, all options become exercisable at the rate of 25% of the total shares subject to the option on each of the first four anniversary dates of the date of grant, provided that the Board of Directors may, at any time, accelerate the date any outstanding option becomes exercisable. The exercise price for each share placed under option pursuant to the Stock Plan is determined by the Board of Directors but cannot in any event be less than 100% of the fair market value of such share on the date the option was granted.

**Effect of Termination or Death.** If an optionee's employment with Greystone is terminated for any reason other than death or termination for cause, an option will be exercisable for a period of three months after the date of termination

of employment as to all then vested portions of the option. In addition, the Board of Directors may, in its sole discretion, approve acceleration of the vesting of any unvested portions of the option. If an optionee's employment with Greystone is terminated for cause (as defined in the Stock Plan), the option shall terminate as of the date of such termination of employment, and the optionee shall have no further rights to exercise any portion of the option. If an optionee dies while employed by Greystone, any unvested portion of the option as of the date of death shall be vested as of the date of death, and the option shall be exercisable in full by the heirs or legal representatives of the optionee for a period of 12 months following the date of death. In any event, options terminate and are no longer exercisable after 10 years from the date of the grant.

***Continued Service as a Director.*** In the event any optionee who is an employee and also a director of Greystone ceases to be employed by Greystone but continues to serve as a director of Greystone, the Board of Directors may determine that all or a portion of such optionee's options shall not expire three months following the date of employment as described above, but instead shall continue in effect until the earlier of the date the optionee ceases to be a director of Greystone or the date the option otherwise expires according to its stated date of expiration. Termination of any such option in connection with the optionee's termination of service as a director will be on terms similar to those described above in connection with termination of employment.



**Grants to Non-Employee Directors.** In order to retain, motivate and reward non-employee directors of Greystone, the Stock Plan extends participation to non-employee directors on the terms and conditions described below. The exercise price for options granted to non-employee directors is equal to 100% of the fair market value per share of common stock on the date the option is granted. As with options granted to employees, unless otherwise determined by the Board of Directors at the time of grant, all options granted to non-employee directors become exercisable at the rate of 25% of the total shares subject to the option on each of the first four anniversary dates of the date of grant. The Board of Directors is also entitled at any time to accelerate the date any outstanding option becomes exercisable. If a non-employee director's service on the Board of Directors is terminated for any reason other than death or removal from the Board of Directors for cause, an option will be exercisable for a period of three months after the date of removal from the Board of Directors as to all then vested portions of the option. If a non-employee director is removed from the Board of Directors for cause, the option will terminate as of the date of such removal, and the optionee shall have no further rights to exercise any portion of the option. If a non-employee director optionee dies while serving on the Board of Directors, any unvested portion of the option as of the date of death shall be vested as of the date of death, and the option shall be exercisable in full by the heirs or legal representatives of the optionee for a period of 12 months following the date of death. In any event, options terminate and are no longer exercisable after 10 years from the date of the grant.

Other than as described above, all options granted to non-employee directors are subject to the same terms and conditions generally applicable to options granted to employees under the Stock Plan.

**Exercise of Options.** The exercise price of options may be paid in cash, by certified check, by tender of stock of Greystone (valued at fair market value on the date immediately preceding the date of exercise), by surrender of a portion of the option, or by a combination of such means of payment. The prior consent of the Board of Directors is required in connection with the payment of the exercise price of options by tender of shares or surrender of a portion of the option, except that the consent of the Board of Directors is not required if the exercise price is paid by surrender of shares that have been owned by the optionee for more than six months prior to the date of exercise of the option or by a combination of cash and shares that have been owned for more than six months.

**Effect of Certain Corporate Transactions.** In the event of any change in capitalization affecting the common stock of Greystone, such as a stock dividend, stock split, recapitalization, merger, consolidation, split-up, combination or exchange of shares or other form of reorganization, liquidation, or any other change affecting the common stock, proportionate adjustments will be made with respect to the aggregate number and type of securities for which options may be granted under the Stock Plan, the number and type of securities covered by each outstanding option, and the exercise price of outstanding options so that optionees will be entitled upon exercise of options to receive the same number and kind of stock, securities, cash, property or other consideration that the optionee would have received in connection with the change in capitalization if such option had been exercised immediately preceding such change in capitalization. The Board of Directors may also make such adjustments in the number of shares covered by, and the price or other value of any outstanding options in the event of a spin-off or other distribution, other than normal cash dividends, of company assets to shareholders. In addition, unless the Board of Directors expressly determines otherwise, in the event of a Change in Control (as defined in the Stock Plan) of Greystone, all outstanding options will become immediately and fully exercisable and optionees will be entitled to surrender, within 60 days following the Change in Control, unexercised options or portions of options in return for a cash payment equal to the difference

between the aggregate exercise price of the surrendered options and the fair market value of the shares of common stock underlying the surrendered options.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

**Securities Authorized for Issuance under Equity Compensation Plans**

As of May 31, 2015, Greystone had one equity incentive plan under which equity securities have been authorized for issuance to Greystone’s directors, officers, employees and other persons who perform substantial services for or on behalf of Greystone. The following table provides certain information relating to such stock option plan during the year ended May 31, 2015:

**Equity Compensation Plan Information**

<b>Plan Category</b>	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
Equity compensation plans approved by security holders	1,150,000	\$ 0.12	-0-
Equity compensation plans not approved by security holders	-0-	N/A	-0-
Total	1,150,000	\$ 0.12	-0-

**Security Ownership of Certain Beneficial Owners and Management**

As of August 26, 2015, Greystone had 27,411,201 shares of its common stock and 50,000 shares of its 2003 preferred stock outstanding. Each share of the 2003 preferred stock is convertible into approximately 66.67 shares of Greystone's common stock.

The following table sets forth certain information regarding the shares of Greystone's common stock beneficially owned as of May 31, 2015, by (i) each person known by Greystone to own beneficially 5% or more of Greystone's outstanding common stock, (ii) each of Greystone's directors and named officers, and (iii) all of Greystone's directors and named officers as a group:

Name and Address of Beneficial Owner	Shares of Common Stock Beneficially Owned <sup>(1)</sup>	Percent of Class <sup>(2)</sup>	Shares of Senior Preferred Stock Beneficially Owned <sup>(3)</sup>	Percent of Class	Voting Shares Beneficially Owned <sup>(4)</sup>	Percent of Total Voting Power
Warren F. Kruger Chairman, President and CEO 1613 East 15th Street Tulsa, OK 74120	9,773,563 <sup>(5)</sup>	33.47 %	25,000	50.00 %	9,648,563	31.38 %
William W. Rahhal Chief Financial Officer 1613 East 15th Street Tulsa, OK 74120	245,383 <sup>(6)</sup>	0.89 %	-0-	-0-	182,883	0.59 %
Robert B. Rosene, Jr. Director 1323 E. 71st Street, Suite 300 Tulsa, OK 74136	4,798,217 <sup>(7)</sup>	16.45 %	25,000	50.00 %	4,710,717	15.32 %
Larry J. LeBarre Director 7518 Middlewood Street Houston, TX 77063	484,203 <sup>(8)</sup>	1.76 %	-0-	-0-	434,203	1.41 %
William Pritchard 1437 S. Boulder Tulsa, OK 74119	1,920,003 <sup>(9)</sup>	6.98 %	-0-	-0-	1,832,503	5.96 %
All Directors & Officers as a Group (4 persons)	15,301,366 <sup>(10)</sup>	49.25 %	50,000	100.00 %	14,976,366	48.71 %

(1) The number of shares beneficially owned by each holder is calculated in accordance with the rules of the Commission, which provide that each holder shall be deemed to be a beneficial owner of a security if that holder

has the right to acquire beneficial ownership of the security within 60 days through options, warrants or the conversion of another security; provided, however, if such holder acquires any such rights in connection with or as a participant in any transaction with the effect of changing or influencing control of the issuer, then immediately upon such acquisition, the holder will be deemed to be the beneficial owner of the securities. The number the shares of common stock beneficially owned by each holder includes common stock directly owned by such holder and the number of shares of common stock such holder has the right to acquire upon the conversion of the Senior Preferred Stock and/or upon the exercise of certain options or warrants.

- (2) The percentage ownership for each holder is calculated in accordance with the rules of the Commission, which provide that any shares a holder is deemed to beneficially own by virtue of having a right to acquire shares upon the conversion of warrants, options or other rights, or upon the conversion of preferred stock or other rights are considered outstanding solely for purposes of calculating such holder's percentage ownership.

- (3) Each share of Senior Preferred Stock is convertible into approximately 66 2/3 shares of Greystone's common stock. Therefore, Mr. Kruger's 25,000 shares of Senior Preferred Stock are convertible into 1,666,666.66 shares of our common stock and Mr. Rosene's 25,000 shares of Senior Preferred Stock are convertible into 1,666,666.66 shares of our common stock.

- (4) Total "Voting Shares" is defined as the number of shares of common stock outstanding, each share of which receives one vote, plus the 3,333,333.32 votes afforded to the holders of our Senior Preferred Stock, or 30,7444,534.32 Voting Shares total. The number of Voting Shares reported by each reporting person above represents the number of shares of common stock beneficially owned by such reporting person plus the number of votes afforded to such reporting person as a holder of shares of Senior Preferred Stock, as applicable.

- (5) The total includes: (i) 7,956,097 shares of common stock beneficially owned directly by Mr. Kruger; (ii) 19,000 shares held of record by Yorktown; (iii) 125,000 shares of common stock that Mr. Kruger directly has the right to acquire in connection with options; (iv) 6,800 shares of common stock that Mr. Kruger holds as custodian for minor children; and (v) 1,666,666 shares that Mr. Kruger has the right to acquire upon conversion of the Senior Preferred Stock.

- (6) The total includes: (i) 182,883 shares of common stock that Mr. Rahhal which owns as a joint tenant and (ii) 62,500 shares of common stock that Mr. Rahhal has the right to acquire in connection with options.

- (7) The total includes: (i) 2,995,951 shares of common stock beneficially owned directly by Mr. Rosene; (ii) 48,100 shares of common stock held of record by RMP Operating Co., (iii) 87,500 shares of common stock that Mr. Rosene has the right to acquire with options; and (iv) 1,666,666 shares that Mr. Rosene has the right to acquire upon conversion of the Senior Preferred Stock.

- (8) The total includes (i) 434,203 shares of common stock beneficially owned directly by Mr. LeBarre (ii) 50,000 shares of common stock that Mr. LeBarre has the right to acquire in connection with options.

- (9) The total includes: (i) 1,700,929 shares of common stock beneficially owned directly by Mr. Pritchard; (ii) 131,574 shares held of record by Maritch Services, Inc. and (iii) 87,500 shares of common stock that Mr. Pritchard has the right to acquire with options.

- (10) The director and officer group includes each reporting person in the above table other than Mr. Pritchard. The total includes: (i) 11,643,034 shares of common stock; (ii) 325,000 shares of common stock issuable upon exercise of vested stock options; (iii) 1,666,666 shares of common stock that Mr. Kruger has the right to acquire upon conversion of the Senior Preferred Stock; and (iv) 1,666,666 shares of common stock that Mr. Rosene has the right to acquire upon conversion of the Senior Preferred.

### Item 13. Certain Relationships and Related Transactions, and Director Independence

**Transactions with Related Persons**

**General**

For information regarding loans from or to Warren Kruger, see “Transactions with Warren Kruger and Related Entities” under the heading “Liquidity and Capital Resources” in Item 7 of this Form10-K.

For information regarding an advance from Robert Rosene, see “Advances and Loans from Robert Rosene” under the heading “Liquidity and Capital Resources” in Item 7 of this Form10-K.

For information regarding the loan from IBC and Messrs. Kruger’s and Rosene’s relationship thereto, see “Loan from International Bank of Commerce (“IBC”) in Item 7 of this Form 10-K.

**Transactions with TriEnda Holdings, L.L.C.**

TriEnda Holdings, L.L.C. (“TriEnda”) is a manufacturer of plastic pallets of which Warren F. Kruger, Greystone’s President and CEO, has a majority ownership interest and serves TriEnda as the non-executive Chairman of the Board. Beginning in fiscal year 2015, Greystone blends and pelletizes plastic resin using TriEnda’s equipment and raw materials. Revenue from TriEnda totaled \$220,962 in fiscal year 2015. The account receivable from TriEnda at May 31, 2015 was \$22,344.

### **Transactions with Green Plastic Pallets**

During fiscal year 2015, Greystone had sales totaling \$333,253 to Green Plastic Pallets (“Green”). Green is an entity that is owned by James Kruger, brother to Warren Kruger, Greystone’s president and CEO. Fiscal year 2015 is the first year that Greystone had sales to Green.

### **Other Transactions**

Greystone leases two buildings located in Bettendorf, Iowa, from which it conducts its manufacturing operations, from Greystone Real Estate, L.L.C., a variable interest entity which is owned by Robert B. Rosene, Jr., a member of Greystone’s board of director, and Warren Kruger, Greystone’s President and CEO and a member of Greystone’s board of directors. Rental payments are \$40,266 per month for both buildings.

Effective January 1, 2009, Greystone entered into a lease agreement with an entity owned by Mr. Larry LeBarre, a member of Greystone’s board of directors, to rent certain equipment to produce mid-duty pallets with a minimum monthly commitment of \$25,000. The lease was amended March 31, 2015 to extend the lease through September 30, 2015. Lease payments were \$300,000 for each of fiscal years 2015 and 2014.

In connection with services provided by Robert B. Rosene, Jr., a member of Greystone’s board of directors, in assisting Greystone in procuring its loan with International Bank of Commerce, including providing a corresponding personal guarantee, Greystone’s board of directors approved a payment to Mr. Rosene of \$65,000 (1% of the dollar amount of his personal guarantee under the loan agreement dated January 31, 2014 between Greystone and IBC).

### **Director Independence**

Greystone has determined that Messrs. LeBarre and Rosene are “independent” within the meaning of Rule 5605(a)(2) of the NASDAQ listing standards. Because of the small size of Greystone’s Board of Directors, it has not established any committees. Rather, the entire Board acts as, and performs the same functions as, the audit committee, compensation committee and nominating committee. Mr. Kruger is not considered “independent” within the meaning of Rule 5605(a)(2) of the NASDAQ listing standards.

### **Item 14. Principal Accounting Fees and Services.**

The following is a summary of the fees billed to Greystone by HoganTaylor LLP, Greystone's independent registered public accounting firm, for professional services rendered for the fiscal years ended May 31, 2015 and May 31, 2014:

Fee Category	Fiscal 2015 Fees	Fiscal 2014 Fees
Audit Fees(1)	\$140,000	\$152,665
Audit-Related Fees	0	0
Tax Fees	0	0
All Other Fees	0	0
<b>Total Fees</b>	<b>\$140,000</b>	<b>\$152,665</b>

(1) Audit Fees consist of aggregate fees billed for professional services rendered for the audit of Greystone's annual consolidated financial statements and review of the interim consolidated financial statements included in quarterly reports or services that are normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings or engagements during the fiscal years ended May 31, 2015 and May 31, 2014, respectively.

The entire Board of Directors of Greystone is responsible for the appointment, compensation and oversight of the work of the independent registered public accounting firm and approves in advance any services to be performed by the independent registered public accounting firm, whether audit-related or not. The entire Board of Directors reviews each proposed engagement to determine whether the provision of services is compatible with maintaining the independence of the independent registered public accounting firm. All of the fees shown above were pre-approved by the entire Board of Directors.



## PART IV

### Item 15. Exhibits, Financial Statement Schedules.

#### (a)(1) Consolidated Financial Statements

The financial statements required under this item are included in Item 8 of Part II.

#### (2) Schedules

None.

#### (3) Exhibits

<b>Exhibit No.</b>	<b>Description</b>
2.1	Certificate of Ownership and Merger Merging PalWeb Corporation, a Delaware corporation, into PalWeb Oklahoma Corporation, an Oklahoma corporation, filed with the Delaware Secretary of State on May 2, 2002 (incorporated herein by reference to Exhibit 2.1 of Greystone's Form 8-K12G3 dated May 2, 2002, which was filed with the SEC on May 24, 2002).
2.2	Certificate of Ownership and Merger Merging PalWeb Corporation, a Delaware corporation, into PalWeb Oklahoma Corporation, an Oklahoma corporation, filed with the Oklahoma Secretary of State on May 2, 2002 (incorporated herein by reference to Exhibit 2.2 of Greystone's Form 8-K12G3 dated May 2, 2002, which was filed with the SEC on May 24, 2002).
3.1	Certificate of Incorporation of PalWeb Oklahoma Corporation filed with the Oklahoma Secretary of State on May 2, 2002 (incorporated herein by reference to Exhibit 3.1 of Greystone's Form 8-K12G3 dated May 2, 2002, which was filed with the SEC on May 24, 2002).
3.2	Bylaws of PalWeb Oklahoma Corporation as adopted on May 2, 2002 (incorporated herein by reference to Exhibit 3.2 of Greystone's Form 8-K12G3 dated May 2, 2002, which was filed with the SEC on May 24, 2002).
4.1	Certificate of Incorporation of PalWeb Oklahoma Corporation filed with the Oklahoma Secretary of State on May 2, 2002 (included in Exhibit 3.1).
4.2	Certificate of the Designation, Preferences, Rights and Limitations of PalWeb Corporation's Series 2003 Cumulative Convertible Senior Preferred Stock (incorporated herein by reference to Exhibit 4.1 of Greystone's Form 8-K dated September 8, 2003, which was filed with the SEC on September 23, 2003).
4.3	Certificate of Ownership and Merger Merging Greystone Logistics, Inc., into PalWeb Corporation filed with the Oklahoma Secretary of State on March 18, 2005 (incorporated herein by reference to Exhibit 4.1 of

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Greystone's Form 8-K dated March 18, 2005, which was filed with the SEC on March 24, 2005).

- 10.1\*\* Form of Indemnity Agreement between Members of the Board of Directors and PalWeb Corporation (incorporated herein by reference to Exhibit 10.30 of Greystone's Form 10-KSB for the Fiscal Year Ended May 31, 2002, which was filed with the SEC on September 13, 2002).
- 10.2\*\* Indemnity Agreement by and between The Union Group, Inc., and Cabec Energy Corp. dated August 31, 1998 (incorporated herein by reference to Exhibit 10.6 of Amendment No. 3 to Greystone's Form 10-KSB, which was filed on May 2, 2000).
- 10.3\*\* Amended and Restated Stock Option Plan (incorporated herein by reference to Exhibit 10.32 of Greystone's Form 10-KSB for the Fiscal Year Ended May 31, 2002, which was filed with the SEC on September 13, 2002).
- 10.4\*\* Form of Non-Qualified Stock Option Agreement (incorporated herein by reference to Exhibit 99.8 of Greystone's Form 10-KSB for the Fiscal Year Ended May 31, 2001, which was filed with the SEC on September 13, 2001).
- 10.5\*\* Form of Incentive Stock Option Agreement (incorporated herein by reference to Exhibit 99.9 of Greystone's Form 10-KSB for the Fiscal Year Ended May 31, 2001, which was filed with the SEC on September 13, 2001).
- 10.6\*\* Form of Nonemployee Director Stock Option Agreement (incorporated herein by reference to Exhibit 99.10 of Greystone's Form 10-KSB for the Fiscal Year Ended May 31, 2001, which was filed with the SEC on September 13, 2001).

- 10.7 \*\* Form of Employee Director Incentive Stock Option Agreement (incorporated herein by reference to Exhibit 10.36 of Greystone's Form 10-KSB for the Fiscal Year Ended May 31, 2002, which was filed with the SEC on September 13, 2002).
- 10.8 Loan Agreement dated January 31, 2014, among Greystone Logistics, Inc., Greystone Manufacturing, L.L.C. and International Bank of Commerce (incorporated herein by reference to Exhibit 10.1 of Greystone's Form 8-K filed on February 5, 2014).
- 10.9 Promissory Note (Revolving Loan) dated January 31, 2014, made by Greystone Logistics, Inc. and Greystone Manufacturing, L.L.C. in favor of International Bank of Commerce (incorporated herein by reference to Exhibit 10.2 of Greystone's Form 8-K filed on February 5, 2014).
- 10.10 Promissory Note (Equipment Term Loan) dated January 31, 2014, made by Greystone Logistics, Inc. and Greystone Manufacturing, L.L.C. in favor of International Bank of Commerce (incorporated herein by reference to Exhibit 10.3 of Greystone's Form 8-K filed on February 5, 2014).
- 10.11 Industrial Lease dated as of July 1, 2004, by and between Greystone Properties, LLC, and Greystone Manufacturing, L.L.C. (incorporated herein by reference to Exhibit 10.1 of Greystone's Form 10-QSB for the Quarterly Period Ended February 28, 2005, which was filed with the SEC on April 20, 2005).
- 10.12 Promissory Note dated as of December 15, 2005 in the amount of \$2,066,000 issued by Greystone Logistics, Inc. and Greystone Manufacturing, L.L.C. to Robert B. Rosene, Jr. (incorporated herein by reference to Exhibit 10.2 of Greystone's Form 10-QSB for the Quarterly Period Ended November 30, 2005, which was filed with the SEC on January 17, 2006).
- 10.13 Security Agreement dated as of December 15, 2005 by and between Greystone Logistics, Inc. and Greystone Manufacturing, L.L.C. and Robert B. Rosene, Jr. relating to Promissory Note in the amount of \$2,066,000 (incorporated herein by reference to Exhibit 10.5 of Greystone's Form 10-QSB for the Quarterly Period Ended November 30, 2005, which was filed with the SEC on January 17, 2006).
- 10.14 Yorktown Management & Financial Services, LLC Molds, Grinder, Ancillary Resin Handling Equipment, Bumper Contract, Raw Materials and Finished Goods Inventory Purchase Agreement and Bill of Sale dated as of February 7, 2007, by and between Greystone Logistics, Inc. and Yorktown Management & Financial Services, LLC (incorporated herein by reference to Exhibit 10.1 of Greystone's Form 8-K dated February 7, 2007, which was filed with the SEC on February 27, 2007).
- 10.15 Real Property Sale and Lease Agreement between Greystone Manufacturing, L.L.C. and Greystone Real Estate, L.L.C., dated January 18, 2011 (incorporated herein by reference to Exhibit 10.1 of Greystone's Form 10-Q for the period ended February 28, 2011, which was filed on April 19, 2011).
- 10.16 Bill of Sale and Assignment dated January 31, 2014, among Yorktown Management and Financial Services, L.L.C., Greystone Manufacturing, L.L.C., Greystone Logistics, Inc. and Warren F. Kruger (incorporated herein by reference to Exhibit 10.4 of Greystone's Form 8-K filed on February 5, 2014).
- 10.17\*\* Amendment to Greystone's Amended and Restated Stock Option Plan (incorporated herein by reference to Exhibit 10.25 to Greystone's Form 10-K filed on September 14, 2012).
- 21.1 Subsidiaries of Greystone Logistics, Inc. (submitted herewith).

23.1 Consent of HoganTaylor LLP (submitted herewith).

31.1 Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended, and Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (submitted herewith).

31.2 Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended, and Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (submitted herewith).

32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (submitted herewith).

32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (submitted herewith).

101 Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets at May 31, 2015 and 2014, (ii) the Consolidated Statements of Operations for the years ended May 31, 2015 and 2014, (iii) the Consolidated Statements of Changes in Deficit for the years ended May 31, 2015 and 2014, (iv) the Consolidated Statements of Cash Flows for the years ended May 31, 2015 and 2014, and (v) the Notes to Consolidated Financial Statements.

\*\* Management contract or compensatory plan or arrangement required to be filed as an exhibit to this report.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**GREYSTONE LOGISTICS, INC.**  
(Registrant)

Date: August 31, 2015 /s/ *Warren F. Kruger*  
Warren F. Kruger  
Director, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: August 31, 2015 /s/ *Warren F. Kruger*  
Warren F. Kruger  
Director, President and Chief Executive Officer  
(Principal Executive Officer)

Date: August 31, 2015 /s/ *Robert B. Rosene, Jr.*  
Robert B. Rosene, Jr., Director

Date: August 31, 2015 /s/ *Larry J. LeBarre*  
Larry J. LeBarre, Director

Date: August 31, 2015 /s/ *William W. Rahhal*  
William W. Rahhal, Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)

**Index to Financial Statements**

**CONSOLIDATED FINANCIAL STATEMENTS OF GREYSTONE LOGISTICS, INC.**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of

Greystone Logistics, Inc.

We have audited the accompanying consolidated balance sheets of Greystone Logistics, Inc. and subsidiaries as of May 31, 2015 and 2014, and the related consolidated statements of income, changes in deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Greystone Logistics, Inc. and subsidiaries as of May 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

*/s/ HoganTaylor LLP*

Tulsa, Oklahoma  
August 31, 2015

**Greystone Logistics, Inc. and Subsidiaries****Consolidated Balance Sheets**

	<b>May 31, 2015</b>	<b>2014</b>
<b><u>Assets</u></b>		
<b>Current Assets:</b>		
Cash	\$ 598,887	\$ 661,263
Accounts receivable -		
Trade, net of allowance for doubtful accounts of \$13,260 and \$71,462, respectively	1,453,416	2,023,563
Related party receivables	519,659	219,505
Inventory	1,429,344	1,616,165
Deferred tax asset - current	1,222,110	1,077,000
Prepaid expenses	20,249	97,170
<b>Total Current Assets</b>	<b>5,243,665</b>	<b>5,694,666</b>
<b>Property and Equipment</b> , net of accumulated depreciation	<b>8,509,315</b>	<b>8,776,137</b>
<b>Deferred Tax Asset</b> – non-current	<b>557,127</b>	<b>1,133,000</b>
<b>Other Assets</b>	<b>129,634</b>	<b>163,188</b>
<b>Total Assets</b>	<b>\$ 14,439,741</b>	<b>\$ 15,766,991</b>
<b><u>Liabilities and Deficit</u></b>		
<b>Current Liabilities:</b>		
Current portion of long-term debt	\$ 2,278,164	\$ 3,979,376
Accounts payable and accrued expenses	798,470	782,591
Accrued expenses - related parties	2,143,275	1,835,999
Preferred dividends payable	54,315	27,603
<b>Total Current Liabilities</b>	<b>5,274,224</b>	<b>6,625,569</b>
<b>Long-Term Debt</b> , net of current portion	<b>10,300,847</b>	<b>10,524,745</b>
<b>Deficit:</b>		
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, 27,411,201 and 26,461,201 shares issued and outstanding	2,741	2,646
Additional paid-in capital	53,503,435	53,336,106
Accumulated deficit	(55,657,638)	(55,715,203)
<b>Total Greystone Stockholders' Deficit</b>	<b>(2,151,457 )</b>	<b>(2,376,446 )</b>
Non-controlling interest	1,016,127	993,123
<b>Total Deficit</b>	<b>(1,135,330 )</b>	<b>(1,383,323 )</b>



<b>Total Liabilities and Deficit</b>	\$14,439,741	\$15,766,991
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The accompanying notes are an integral part of these consolidated financial statements.

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**Greystone Logistics, Inc. and Subsidiaries****Consolidated Statements of Income**

	<b>For the Year Ended May 31,</b>	
	<b>2015</b>	<b>2014</b>
Sales	\$22,293,922	\$23,449,936
Cost of Sales	18,269,192	18,107,627
Gross Profit	4,024,730	5,342,309
General, Selling and Administrative Expenses	2,168,762	2,409,115
Operating Income	1,855,968	2,933,194
Other Income (Expense):		
Other income	2,500	5,000
Interest expense	(818,136 )	(846,568 )
Total Other Expense, net	(815,636 )	(841,568 )
Income before Income Taxes	1,040,332	2,091,626
(Provision for) Benefit from Income Taxes	(430,763 )	1,040,000
Net Income	609,569	3,131,626
Income Attributable to Variable Interest Entity	(227,004 )	(200,563 )
Preferred Dividends	(325,000 )	(325,000 )
Net Income Attributable to Common Stockholders	\$57,565	\$2,606,063
Income Per Share of Common Stock -		
Basic	\$0.00	\$0.10
Diluted	\$0.00	\$0.09
Weighted Average Shares of Common Stock Outstanding -		
Basic	26,975,312	26,198,701
Diluted	27,771,466	27,674,939

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



## Greystone Logistics, Inc. and Subsidiaries

## Consolidated Statements of Changes in Deficit

	Preferred Stock	Common Stock		Additional Paid-in	Accumulated	Total Greystone Stockholders'	Variable Interest	Total	
	Shares	Amount	Shares	Amount	Capital	Deficit	Entity	Deficit	
<b>Balances, May 31, 2013</b>	50,000	\$5	26,111,201	\$2,611	\$53,142,717	\$(58,321,266)	\$(5,175,933)	\$1,139,878	\$(4,036,055)
Common stock options exercised	-	-	350,000	35	139,965	-	140,000	-	140,000
Stock based compensation	-	-	-	-	53,424	-	53,424	-	53,424
Cash distributions	-	-	-	-	-	-	-	(347,318 )	(347,318 )
Preferred dividends	-	-	-	-	-	(325,000 )	(325,000 )	-	(325,000 )
Net income	-	-	-	-	-	2,931,063	2,931,063	200,563	3,131,626
<b>Balances, May 31, 2014</b>	50,000	5	26,461,201	2,646	53,336,106	(55,715,203)	(2,376,446)	993,123	(1,383,323)
Common stock options exercised	-	-	950,000	95	113,905	-	114,000	-	114,000
Stock based compensation	-	-	-	-	53,424	-	53,424	-	53,424
Cash distributions	-	-	-	-	-	-	-	(204,000 )	(204,000 )
Preferred dividends	-	-	-	-	-	(325,000 )	(325,000 )	-	(325,000 )
Net income	-	-	-	-	-	382,565	382,565	227,004	609,569
	50,000	\$5	27,411,201	\$2,741	\$53,503,435	\$(55,657,638)	\$(2,151,457)	\$1,016,127	\$(1,135,330)

**Balances,  
May 31, 2015**

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

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**Greystone Logistics, Inc. and Subsidiaries****Consolidated Statements of Cash Flows**

	<b>For the Year Ended May 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>Cash Flows from Operating Activities:</b>		
Net income	\$609,569	\$3,131,626
Adjustments to reconcile net income to net cash provided by operating activities -		
Depreciation and amortization	1,431,823	1,309,573
Decrease (increase) in deferred tax asset	430,763	(1,051,000 )
Stock based compensation	53,424	53,424
Changes in trade accounts receivable	501,236	216,031
Changes in related party receivable	(306,243 )	(491,682 )
Changes in inventory	186,821	(571,786 )
Changes in prepaid expenses	76,921	22,028
Changes in accounts payable and accrued expenses	323,155	(459,814 )
Other	-	2,785
Net cash provided by operating activities	3,307,469	2,161,185
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(991,950 )	(2,246,101 )
<b>Cash Flows from Financing Activities:</b>		
Proceeds from long-term debt	-	12,612,500
Proceeds from revolving loan	850,000	885,000
Payments on long-term debt and capitalized lease	(1,904,607)	(8,640,891 )
Payments on revolving loan	(935,000 )	(500,000 )
Payments on notes and advances payable to related parties	-	(92,000 )
Issuance cost of long-term debt	-	(129,722 )
Proceeds from exercised stock options	114,000	140,000
Dividends paid on preferred stock	(298,288 )	(3,548,286 )
Dividends paid by variable interest entity	(204,000 )	(347,318 )
Net cash provided by (used in) financing activities	(2,377,895)	379,283
<b>Net Increase (Decrease) in Cash</b>	<b>(62,376 )</b>	<b>294,367</b>
<b>Cash, beginning of year</b>	<b>661,263</b>	<b>366,896</b>
<b>Cash, end of year</b>	<b>\$598,887</b>	<b>\$661,263</b>

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



## Notes to Consolidated Financial Statements

May 31, 2015 and 2014

### Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization

Greystone Logistics, Inc. (“Greystone”), through its two wholly-owned subsidiaries, Greystone Manufacturing, LLC (“GSM”) and Plastic Pallet Production, Inc. (“PPP”), is engaged in the manufacture and marketing of plastic pallets and pelletized recycled plastic resin.

#### Principles of Consolidation

The consolidated financial statements include the accounts of Greystone, its subsidiaries and entities required to be consolidated by the accounting guidance for variable interest entities (“VIE”). All material intercompany accounts and transactions have been eliminated.

Greystone consolidates its VIE, Greystone Real Estate, L.L.C. (“GRE”), which owns the manufacturing facilities which are occupied by Greystone. GRE is owned by Warren F. Kruger, President and CEO, and Robert B. Rosene, Jr., a member of Greystone’s board of directors.

#### Use of Estimates

The preparation of Greystone’s financial statements in conformity with accounting principles generally accepted in the United States of America requires Greystone’s management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ materially from those estimates.

#### Accounts Receivable and Allowance for Doubtful Accounts



Greystone carries its accounts receivable at their face value less an allowance for doubtful accounts. On a periodic basis, Greystone evaluates its accounts receivable and establishes an allowance for doubtful accounts based on a combination of specific customer circumstances, credit conditions and history of collections. Based on periodic reviews of outstanding accounts receivable, Greystone writes off balances deemed to be uncollectible against the allowance for doubtful accounts.

Inventory

Inventory consists of finished pallets and raw materials and is stated at the lower of average cost or market value.

Property, Plant and Equipment

Greystone's property, plant and equipment is stated at cost. Depreciation expense is computed using the straight-line method over the estimated useful lives, as follows:

Plant buildings	39 years
Production machinery and equipment	5-10 years
Leasehold improvements	5-7 years
Furniture & fixtures	3-5 years

Upon sale, retirement or other disposal, the related costs and accumulated depreciation of items of property, plant or equipment are removed from the related accounts and any gain or loss is recognized. When events or changes in circumstances indicate that assets may be impaired, an evaluation is performed comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount. If the asset's carrying amount exceeds the cash flows, a write-down to fair value is required.

Other Assets

Other assets includes certain intangible costs as follows:

- (1) Patents on the modular pallet system and accessories which are being amortized using the straight-line method over the estimated useful life of 15 years.
- (2) Debt issue costs which are being amortized over the term of the underlying note payable or five years.

Stock Options

The grant-date fair value of stock options and other equity-based compensation issued to employees is amortized on the straight-line basis over the vesting period of the award as compensation cost. The fair value of new option grants is estimated using the Black-Scholes option pricing model. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility, dividend yields and expected holding periods.

Recognition of Revenues

Greystone's sales agreements to customers other than its primary customer generally provide for risk of loss to pass to the customers upon shipment from Greystone's plant in Bettendorf, Iowa. Revenue is recognized for these customers at the date of shipment.

Greystone's agreement with its major customer provides that (1) risk of loss or damages for product in transit remain with Greystone and (2) the product is subject to approval and acceptance at the buyer's premises. Accordingly, Greystone recognizes revenue when product has been delivered to the customer's sites and risk of loss has passed to the customer.

For sales to all customers, cost of goods sold is recognized when the related revenue is recognized.

Income Taxes

Greystone accounts for income taxes under the liability method, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the consolidated financial statements and tax bases of assets and liabilities and tax loss carryforwards using enacted tax rates in effect for the year in which the differences are expected to reverse.

Earnings Per Share

Basic earnings per share is computed by dividing the earnings available to common stockholders by the weighted average number of common shares outstanding for the year. In arriving at income available to common stockholders, preferred stock dividends are deducted from net income for the year. For fiscal years 2015 and 2014, convertible preferred stock and stock options are not considered as their effect is antidilutive.

The following securities were not included in the computation of diluted earnings per share for the fiscal years ended May 31, 2015 and 2014 as their effect would have been antidilutive:

	2015	2014
Convertible preferred stock	3,333,333	3,333,333

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, “*Revenue from Contracts with Customers*” (“ASU 2014-09”) which creates a comprehensive set of guidelines for the recognition of revenue under the principle: “Recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.” The requirements of ASU 2014-09 will require either retrospective application to each prior period presented or retrospective application with the cumulative effect of initially applying the standard recognized at the date of adoption. Greystone is currently evaluating the impact this ASU will have on our financial position and results of operations. On July 9, 2015, FASB voted to approve a one-year deferral of the effective date such that the effective date for Greystone’s interim and annual periods begins June 1, 2018.

On April 7, 2015, the FASB issued Accounting Standard Update 2015-03, “*Simplifying the Presentation of Debt Issuance Costs*” (“ASU 2015-03”) which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. The requirement of ASU 2015-03 is effective for fiscal years beginning after December 15, 2015. Greystone does not believe that the impact of this ASU will have a material impact on our financial position and results of operations.

**Note 2. INVENTORY**

Inventory consists of the following as of May 31:

	2015	2014
Raw materials	\$665,702	\$1,043,411
Finished pallets	763,642	572,754
Total Inventory	\$1,429,344	\$1,616,165

**Note 3. PROPERTY AND EQUIPMENT**

A summary of the property and equipment for Greystone is as follows, as of May 31:

	2015	2014
Production machinery and equipment	\$13,120,285	\$12,826,529
Plant buildings and land	4,663,339	4,663,339

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Leasehold improvements	198,568	203,034
Furniture and fixtures	90,280	210,196
	18,072,472	17,903,098
Less: Accumulated depreciation	(9,563,157 )	(9,126,961 )
Net Property and Equipment	\$8,509,315	\$8,776,137

Production machinery and equipment includes equipment in the amount of \$157,396 that had not been placed into service as of May 31, 2015. The plant buildings and land are owned by GRE, a VIE, and have a net book value of \$3,360,037 at May 31, 2015.

Depreciation expense for the years ended May 31, 2015 and 2014 is \$1,398,269 and \$1,274,453, respectively.

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**Note 4. OTHER ASSETS**

Other assets consist of the following as of May 31:

	2015	2014
Patents	\$ 190,739	\$ 190,739
Debt issue costs	129,722	129,722
Accumulated amortization	(190,827)	(157,273)
Total Other Assets	\$ 129,634	\$ 163,188

Amortization of intangibles was \$33,554 and \$35,120 for 2015 and 2014, respectively. Future amortization for the next five years will be \$37,380, \$36,467, \$35,982, \$19,805 and \$0-.

**Note 5. LONG-TERM DEBT**

Long-term debt consists of the following as of May 31:

	2015	2014
Note payable to International Bank of Commerce, interest rate of 4.5%, monthly principal and interest payments of \$171,760, maturing January 31, 2019	\$6,945,884	\$8,647,777
Revolving note payable to International Bank of Commerce, prime rate of interest plus 0.5% but not less than 4%, due January 31, 2016	300,000	385,000
Term note payable by GRE to International Bank of Commerce, interest rate of 4.5%, monthly principal and interest payments of \$26,215, due January 31, 2019	3,207,553	3,371,660
Note payable to Robert Rosene, 7.5% interest, due January 15, 2017	2,066,000	2,066,000
Other	59,574	33,684
	12,579,011	14,504,121
Less: Current portion	(2,278,164 )	(3,979,376 )
Long-term debt	\$ 10,300,847	\$ 10,524,745

The prime rate of interest as of May 31, 2015 was 3.25%.

Loan Agreement between Greystone and International Bank of Commerce (“IBC”)

On January 31, 2014, Greystone and GSM (the “Borrowers”) and IBC entered into a Loan Agreement (the “IBC Loan Agreement”). The IBC Loan Agreement provides for a revolving loan in an aggregate principal amount of up to \$2,500,000 (the “Revolving Loan”) and a term loan in the aggregate principal amount of \$9,200,000 (the “Term Loan”).

The Revolving Loan bears interest at the New York Prime Rate plus 0.5% but not less than 4.0% and matures January 31, 2016. The amount which can be borrowed under the Revolving Loan from time to time is dependent upon the amount of the borrowing base, but can in no event exceed \$2,500,000. As of May 31, 2015, the interest rate on the Revolving Loan was 4%. The Borrowers are required to pay all interest accrued on the outstanding principal balance of the Revolving Loan on a monthly basis. Any principal on the Revolving Loan that is prepaid by the Borrowers may be reborrowed by the Borrowers. The proceeds from the Revolving Loan will be used for general working capital purposes.

The Term Loan bears interest at 4.5% per annum and matures January 31, 2019. The Borrowers are required to make equal payments of principal and interest in an amount sufficient to amortize the principal balance of the Term Loan over five years. The proceeds from the Term Loan were primarily used to repay the Borrowers’ obligations to The F&M Bank & Trust Company in the amount of \$3,992,083, to pay accrued preferred dividends of \$3,469,040 and to pay \$1,312,697 to Yorktown for the acquisition of equipment.

The IBC Loan Agreement required the Borrowers to pay a fee in the amount of \$100,000 to IBC on January 31, 2014.

The IBC Loan Agreement includes customary representations and warranties and affirmative and negative covenants which include (i) requiring the Borrowers to maintain a debt service coverage ratio of 1:25 to 1:00 and a funded debt to EBIDA ratio not exceeding 3:00 to 1:00, (ii) subject to certain exceptions, limiting the Borrowers' combined capital expenditures on fixed assets to \$1,000,000 per year, (iii) prohibiting Greystone, without IBC's prior written consent, from declaring or paying any dividends, redemptions of stock or membership interests, distributions and withdrawals (as applicable) in respect of its capital stock or any other equity interest, other than (A) a one-time payment of accrued preferred dividends to holders of its preferred stock in an amount not to exceed \$3,470,000 within 10 days of the date of the IBC Loan Agreement, and (B) additional payments to holders of its preferred stock in an amount not to exceed \$500,000 in any fiscal year, (iv) subject to certain exceptions, prohibiting the incurrence of additional indebtedness by the Borrowers, and (v) requiring the Borrowers to prevent (A) any change in capital ownership such that there is a material change in the direct or indirect ownership of (1) Greystone's outstanding preferred stock, and (2) any equity interest in GSM, or (B) Warren Kruger from ceasing to be actively involved in the management of Greystone as President and/or Chief Executive Officer. The foregoing list of covenants is not exhaustive and there are several other covenants contained in the IBC Loan Agreement.

Greystone's debt service coverage ratio as of May 31, 2015 was 0.54 to 1:00 which was less than the required minimum as discussed above. IBC has issued a waiver with respect to this occurrence of noncompliance.

The IBC Loan Agreement includes customary events of default, including events of default relating to non-payment of principal and other amounts owing under the IBC Loan Agreement from time to time, inaccuracy of representations, violation of covenants, defaults under other agreements, bankruptcy and similar events, the death of a guarantor, certain material adverse changes relating to a Borrower or guarantor, certain judgments or awards against a Borrower, or government action affecting a Borrower's or guarantor's ability to perform under the IBC Loan Agreement or the related loan documents. Among other things, a default under the IBC Loan Agreement would permit IBC to cease lending funds under the IBC Loan Agreement, and require immediate repayment of any outstanding loans with interest and any unpaid accrued fees.

The IBC Loan Agreement is secured by a lien on substantially all of the assets of the Borrowers. In addition, the IBC Loan Agreement is secured by a mortgage granted by GRE on the real property owned by GRE in Bettendorf, Iowa (the "Mortgage"). GRE is owned by Warren F. Kruger, Greystone's President and CEO, and Robert B. Rosene, Jr., a director of Greystone. Messrs. Kruger and Rosene have provided a combined limited guaranty of the Borrowers' obligations under the IBC Loan Agreement, with such guaranty being limited to a combined amount of \$6,500,000 (the "Guaranty"). The Mortgage and the Guaranty also secure or guaranty, as applicable, the obligations of GRE under the Loan Agreement between GRE and IBC dated January 31, 2014 as discussed in the following paragraph.



As discussed in Note 6, Related Party Transactions, Greystone paid a fee to Robert B. Rosene, Jr., a member of Greystone's board of directors, in connection with procuring the loan with IBC including providing a personal guarantee.

Loan Agreement between GRE and IBC

On January 31, 2014, GRE and IBC entered into a Loan Agreement which provided for a mortgage loan to GRE of \$3,412,500. The loan provides for a 4.5% interest rate and a maturity of January 31, 2019. The loan is secured by a mortgage on the property. In addition, the mortgaged property is cross collateralized pursuant to the IBC Loan Agreement with Greystone. The proceeds of the loan were used to pay the outstanding obligation with The F&M Bank & Trust Company in the amount of \$3,197,682.

Maturities

Maturities of Greystone's long-term debt for the five years after May 31, 2015 are \$2,278,164, \$4,122,957, \$2,152,726, \$4,016,603 and \$8,561.

**Note 6. RELATED PARTY TRANSACTIONS**

*Transactions with Warren F. Kruger, Chairman*

Yorktown Management & Financial Services, LLC (“Yorktown”), an entity wholly owned by Greystone’s CEO and President, owns and rents to Greystone (1) grinding equipment used to grind raw materials for Greystone’s pallet production and (2) extruders for pelletizing recycled plastic into pellets for resale and for use as raw material in the manufacture of pallets. Yorktown also owns a plastic grinding and wash line facility used to recycle plastic into usable raw material. Greystone compensates Yorktown for the use of equipment as discussed below. In addition, Yorktown provides office space for Greystone in Tulsa, Oklahoma at a monthly rental of \$2,200 (\$2,000 prior to April 1, 2015).

Greystone pays the labor on behalf of Yorktown’s Tulsa, Oklahoma grinding operation. These costs are invoiced to Yorktown on a monthly basis. As of May 31, 2015, Mr. Kruger and Yorktown owe Greystone \$450,748 primarily from the aforementioned labor costs incurred by Greystone on behalf of Yorktown.

*Rental fees.* GSM pays weekly rental fees to Yorktown of \$22,500 and \$5,000 for grinding equipment and pelletizing equipment. Total equipment rental fees were approximately \$1,430,000 in each of the fiscal years 2015 and 2014.

*Acquisition of equipment.* On and effective January 31, 2014, Greystone, GSM, Warren Kruger, Greystone’s President and CEO, and Yorktown entered into a Bill of Sale and Assignment (the “Bill of Sale”) providing for the acquisition of an injection molding machine, a lift crane and several injection molds by GSM from Yorktown for \$2,400,000. Immediately prior to the acquisition, Yorktown owed GSM \$3,750,085 and Greystone owed Mr. Kruger \$2,662,782. The Bill of Sale provided for the offset of GSM’s receivable and Greystone’s payable, on a dollar-for-dollar basis, leaving a balance of \$1,087,303 owed by Yorktown. The purchase price of \$2,400,000 was offset by the balance of \$1,087,303 owed by Yorktown resulting in a cash payment to Yorktown of \$1,312,697. Greystone made payments to Yorktown of \$84,983 for use of this equipment in fiscal year 2014 through the date of acquisition.

*Other transactions.* Effective December 15, 2005, Greystone entered into a loan agreement with Warren Kruger to convert \$527,716 of advances due him into a note payable at 7.5% interest and Mr. Kruger has waived payment of interest and principal thereon until January 15, 2015. As discussed above effective January 31, 2014, Mr. Kruger applied this note and advances and accrued interest of \$1,318,295 as an offset against certain balances which Yorktown owed to Greystone. Through January 31, 2014, Greystone accrued interest on advances and note payable to Mr. Kruger at the rate of 7.5% per year which totaled \$93,729 for fiscal year 2014.

*Transactions with TriEnda Holdings, L.L.C.*

Warren F. Kruger, Greystone's President and CEO, has a majority ownership interest in and serves as the non-executive Chairman of the Board of TriEnda Holdings, L.L.C. ("TriEnda"), a manufacturer of plastic pallets. Beginning in fiscal year 2015, Greystone blends and pelletizes plastic resin using TriEnda's equipment and raw materials. Revenue from TriEnda totaled \$220,692 in fiscal year 2015. The account receivable from TriEnda at May 31, 2015 was \$22,344.

*Transactions with Robert B. Rosene, Jr., Director*

Effective December 15, 2005, Greystone entered into an agreement with Mr. Rosene to convert \$2,066,000 of the advances into a note payable at 7.5% interest and Mr. Rosene has waived the payment of principal until January 15, 2017. Greystone has accrued interest on the loans in the amounts of \$307,276 and \$284,845 in fiscal years 2015 and 2014, respectively. Accrued interest due to Mr. Rosene at May 31, 2015 is \$2,143,275.

In connection with services provided by Robert B. Rosene, Jr., a member of Greystone's board of directors, in assisting Greystone in procuring its loan with International Bank of Commerce including providing a corresponding personal guarantee, Greystone's board of directors approved the payment of a fee in fiscal year 2014 of \$65,000 to Mr. Rosene.

*Transactions with Larry J. LeBarre, Director*

Effective January 1, 2009, Greystone entered into a lease agreement with an entity owned by Mr. LeBarre to rent certain equipment to produce mid-duty pallets with a minimum monthly commitment of \$25,000. The lease was amended March 31, 2015 to extend the lease through September 30, 2015. Lease payments were \$300,000 for each of fiscal years 2015 and 2014.

*Transactions with Green Plastic Pallets*

During fiscal year 2015, Greystone had sales totaling \$333,253 to Green Plastic Pallets ("Green"). Green is an entity that is owned by James Kruger, brother to Warren Kruger, Greystone's president and CEO. Fiscal year 2015 is the first year that Greystone had sales to Green.

**Note 7. FEDERAL INCOME TAXES**

Deferred taxes as of May 31, 2015 and 2014 are as follows:

	2015	2014
Deferred tax asset:		
Net operating loss carryforward	\$1,892,673	\$1,936,834
Depreciation and amortization, financial reporting in excess of tax	-	219,838
Stock compensation costs	21,632	36,328
Allowance for doubtful accounts	4,508	17,000
Other	13,429	-
Total deferred tax asset	1,932,242	2,210,000
Deferred tax liability:		
Depreciation and amortization, tax reporting in excess of financial	(153,005 )	-
Net deferred tax asset	\$1,779,237	\$2,210,000

Deferred tax assets were classified in the consolidated balance sheets at May 31, as follows:

	2015	2014
Deferred tax assets - current	\$1,222,110	\$1,077,000
Deferred tax assets - non-current	557,127	1,133,000
Deferred tax assets - total	\$1,779,237	\$2,210,000

In assessing the reliability of deferred tax assets, management considers the likelihood of whether it is more likely than not the net deferred tax asset will be realized. Based on this evaluation, management has reduced the valuation allowance which allows for recognition of the tax benefits as deferred tax assets for May 31, 2015 and 2014, respectively.

The net change in deferred taxes for the year ended May 31, 2015 and 2014 is as follows:

	2015	2014
Net operating loss carryforward	\$(44,121 )	\$(28,536 )
Depreciation and amortization, financial reporting in excess of tax	(372,843)	(223,339 )
Stock compensation costs	(14,696 )	18,164
Deferred compensation accrual	-	(244,800 )
Allowance for doubtful accounts	(12,532 )	(17,000 )
Valuation allowance	-	1,546,511

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Other	13,429	-
Total	\$(430,763)	\$1,051,000

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The provision (benefit) for income taxes at May 31 consists of the following:

	2015	2014
Current income tax – Federal and State	\$-	\$11,000
Deferred income tax provision (benefit)	430,763	(1,051,000)
Provision for (benefit from) income taxes	\$430,763	\$(1,040,000)

Greystone’s provision (benefit) for income taxes for the years ended May 31, 2015 and 2014 differs from the federal statutory rate as follows:

	2015	2014
Tax provision using statutory rates	34 %	34 %
Net operating loss expiration	7	-
Net change in valuation allowance	-	(75 )
Other	1	(9 )
Tax provision (benefit) per financial statements	42 %	(50 )%

At May 31, 2015, Greystone had a net operating loss (NOL) for Federal income tax purposes from inception through May 31, 2005 of \$17,242,600 expiring in fiscal year 2015 through fiscal year 2025 of which \$2,250,000 is management’s estimate of the usable amount pursuant to Internal Revenue Code Section 382. The limitation is due to a change in control of Greystone during the fiscal year ended May 31, 2005. The utilization of NOL’s accumulated through fiscal year 2005 is limited to approximately \$225,000 per year.

	NOL	Year
	Carryforward	Expiring
Cumulative through May 31, 2005	\$ 2,250,000	2016 - 2025
Year ended May 31, 2006	237,364	2026
Year ended May 31, 2007	2,151,837	2027
Year ended May 31, 2011	746,484	2031
Year ended May 31, 2015	266,095	2035

Greystone is no longer subject to income tax examinations by tax authorities for years prior to fiscal year 2006.

Greystone does not have any uncertain tax positions that could result in a material change to its financial position.

**Note 8. STOCKHOLDERS' EQUITY**

*Convertible Preferred Stock*

In September 2003, Greystone issued 50,000 shares of Series 2003, cumulative, convertible preferred stock, par value \$0.0001, for a total purchase price of \$5,000,000. Each share of the preferred stock has a stated value of \$100 and a dividend rate equal to the prime rate of interest plus 3.25% and may be converted into common stock at the conversion rate of \$1.50 per share or an aggregate of 3,333,333 shares of common stock. The holder of the preferred stock has been granted certain voting rights so that such holder has the right to elect a majority of the Board of Directors of Greystone. Preferred stock dividends must be fully paid before a dividend on the common stock may be paid.

**Note 9. STOCK OPTIONS**

Greystone has a stock option plan that provides for the granting of options to key employees and non-employee directors. The options are to purchase common stock at not less than fair market value at the date of the grant. Effective May 5, 2012, Greystone's board of directors approved the renewal and extension of Greystone's stock option plan through May 11, 2021 and increased the maximum number of shares of common stock for which options may be granted to 2,500,000 of which none were available for grant at May 31, 2015. Stock options generally expire in ten years from date of grant or upon termination of employment and are generally exercisable one year from date of grant in cumulative annual installments of 25%. Following is a summary of option activity for the two years ended May 31, 2015:

	Number	Weighted Average Exercise Price	Remaining Contractual Life (years)	Intrinsic Value
Total outstanding, May 31, 2013	2,450,000	\$ 0.16		
Exercised during fiscal year 2014	(350,000 )	\$ 0.40		
Total outstanding May 31, 2014	2,100,000	\$ 0.12	7.0	
Exercised during fiscal year 2015	(950,000 )	\$ 0.12		
Total outstanding May 31, 2015	1,150,000	\$ 0.12	7.0	
Exercisable as of May 31, 2015	100,000	\$ 0.12	7.0	\$ 18,000
Non-vested as of May 31, 2015	1,050,000	\$ 0.12	7.0	\$ 189,000

Share-based compensation cost was \$53,424 for fiscal years 2015 and 2014, respectively. As of May 31, 2015, the unrecognized compensation expense related to non-vested share-based options was \$53,424 which will be fully amortized during fiscal year 2016.

**Note 10. FINANCIAL INSTRUMENTS**

The following methods and assumptions are used in estimating the fair-value disclosures for financial instruments:

Cash, Accounts Receivable and Accounts Payable: The carrying amounts reported in the balance sheet for cash, accounts receivable and accounts payable approximate fair value due to the short-term maturity of these instruments.

Long-Term Debt: The carrying amount of loans with floating rates of interest approximate fair value. Fixed rate loans are valued based on cash flows using estimated rates for comparable loans. As of May 31, 2015 and 2014, the carrying amounts reported in the balance sheet approximate fair value.

**Note 11. SUPPLEMENTAL INFORMATION OF CASH FLOWS**

Supplemental information of cash flows for the years ended May 31:

	2015	2014
Non-cash investing and financing activities:		
Acquisition of equipment through capital lease	\$64,497	\$-
Acquisition of equipment in exchange for net related party receivable	\$75,000	\$1,087,302



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Reduction in net carrying value of equipment resulting from capital lease termination	\$-	\$212,311
Settlement of related party note payable in acquisition of equipment	\$-	\$527,716
Preferred dividend accrual	\$26,712	\$27,603

Supplemental information:

Interest paid	\$511,496	\$567,507
Taxes paid	\$-	\$26,045

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**Note 12. CONCENTRATIONS**

For the fiscal years ended May 31, 2015 and 2014, one customer accounted for approximately 51% and 56% of total sales, respectively.

Greystone purchases damaged pallets from its customers at a price based on the value of the raw material content of the pallet. A majority of these purchases are from Greystone's major customer which were approximately \$1,582,000 and \$1,499,000 in fiscal years 2015 and 2014, respectively.

**Note 13. VARIABLE INTEREST ENTITIES (VIE)**

*Greystone Real Estate, L.L.C.*

GRE, is owned by Warren Kruger, President and CEO, and Robert Rosene, a member of the Board of Directors. GRE was created solely to own and lease one of the buildings that GSM occupies at 2600 Shoreline Drive, Bettendorf, Iowa. In fiscal year 2012, GRE purchased the second building occupied by Greystone, 2601 Shoreline Drive, Bettendorf, Iowa, in a sale and leaseback transaction with Greystone.

The buildings, having a carrying value of \$3,360,037 and \$3,475,909 at May 31, 2015 and 2014, respectively, serve as collateral for GRE's debt. The debt had a carrying value of \$3,207,553 and \$3,371,660 at May 31, 2015 and 2014, respectively.

**Note 14. COMMITMENTS**

At May 31, 2015, Greystone had commitments totaling \$104,000 for the acquisition of equipment.

**Index to Exhibits**

<b>Exhibit No.</b>	<b>Description</b>
2.1	Certificate of Ownership and Merger Merging PalWeb Corporation, a Delaware corporation, into PalWeb Oklahoma Corporation, an Oklahoma corporation, filed with the Delaware Secretary of State on May 2, 2002 (incorporated herein by reference to Exhibit 2.1 of Greystone's Form 8-K12G3 dated May 2, 2002, which was filed with the SEC on May 24, 2002).
2.2	Certificate of Ownership and Merger Merging PalWeb Corporation, a Delaware corporation, into PalWeb Oklahoma Corporation, an Oklahoma corporation, filed with the Oklahoma Secretary of State on May 2, 2002 (incorporated herein by reference to Exhibit 2.2 of Greystone's Form 8-K12G3 dated May 2, 2002, which was filed with the SEC on May 24, 2002).
3.1	Certificate of Incorporation of PalWeb Oklahoma Corporation filed with the Oklahoma Secretary of State on May 2, 2002 (incorporated herein by reference to Exhibit 3.1 of Greystone's Form 8-K12G3 dated May 2, 2002, which was filed with the SEC on May 24, 2002).
3.2	Bylaws of PalWeb Oklahoma Corporation as adopted on May 2, 2002 (incorporated herein by reference to Exhibit 3.2 of Greystone's Form 8-K12G3 dated May 2, 2002, which was filed with the SEC on May 24, 2002).
4.1	Certificate of Incorporation of PalWeb Oklahoma Corporation filed with the Oklahoma Secretary of State on May 2, 2002 (included in Exhibit 3.1).
4.2	Certificate of the Designation, Preferences, Rights and Limitations of PalWeb Corporation's Series 2003 Cumulative Convertible Senior Preferred Stock (incorporated herein by reference to Exhibit 4.1 of Greystone's Form 8-K dated September 8, 2003, which was filed with the SEC on September 23, 2003).
4.3	Certificate of Ownership and Merger Merging Greystone Logistics, Inc., into PalWeb Corporation filed with the Oklahoma Secretary of State on March 18, 2005 (incorporated herein by reference to Exhibit 4.1 of Greystone's Form 8-K dated March 18, 2005, which was filed with the SEC on March 24, 2005).
10.1**	Form of Indemnity Agreement between Members of the Board of Directors and PalWeb Corporation (incorporated herein by reference to Exhibit 10.30 of Greystone's Form 10-KSB for the Fiscal Year Ended May 31, 2002, which was filed with the SEC on September 13, 2002).
10.2**	Indemnity Agreement by and between The Union Group, Inc., and Cabec Energy Corp. dated August 31, 1998 (incorporated herein by reference to Exhibit 10.6 of Amendment No. 3 to Greystone's Form 10-KSB, which was filed on May 2, 2000).
10.3**	Amended and Restated Stock Option Plan (incorporated herein by reference to Exhibit 10.32 of Greystone's Form 10-KSB for the Fiscal Year Ended May 31, 2002, which was filed with the SEC on September 13, 2002).

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- 10.4\*\* Form of Non-Qualified Stock Option Agreement (incorporated herein by reference to Exhibit 99.8 of Greystone's Form 10-KSB for the Fiscal Year Ended May 31, 2001, which was filed with the SEC on September 13, 2001).
- 10.5\*\* Form of Incentive Stock Option Agreement (incorporated herein by reference to Exhibit 99.9 of Greystone's Form 10-KSB for the Fiscal Year Ended May 31, 2001, which was filed with the SEC on September 13, 2001).
- 10.6\*\* Form of Nonemployee Director Stock Option Agreement (incorporated herein by reference to Exhibit 99.10 of Greystone's Form 10-KSB for the Fiscal Year Ended May 31, 2001, which was filed with the SEC on September 13, 2001).
- 10.7 \*\* Form of Employee Director Incentive Stock Option Agreement (incorporated herein by reference to Exhibit 10.36 of Greystone's Form 10-KSB for the Fiscal Year Ended May 31, 2002, which was filed with the SEC on September 13, 2002).
- 10.8 Loan Agreement dated January 31, 2014, among Greystone Logistics, Inc., Greystone Manufacturing, L.L.C. and International Bank of Commerce (incorporated herein by reference to Exhibit 10.1 of Greystone's Form 8-K filed on February 5, 2014).
- 10.9 Promissory Note (Revolving Loan) dated January 31, 2014, made by Greystone Logistics, Inc. and Greystone Manufacturing, L.L.C. in favor of International Bank of Commerce (incorporated herein by reference to Exhibit 10.2 of Greystone's Form 8-K filed on February 5, 2014).
- 10.10 Promissory Note (Equipment Term Loan) dated January 31, 2014, made by Greystone Logistics, Inc. and Greystone Manufacturing, L.L.C. in favor of International Bank of Commerce (incorporated herein by reference to Exhibit 10.3 of Greystone's Form 8-K filed on February 5, 2014).
- 10.11 Industrial Lease dated as of July 1, 2004, by and between Greystone Properties, LLC, and Greystone Manufacturing, L.L.C. (incorporated herein by reference to Exhibit 10.1 of Greystone's Form 10-QSB for the Quarterly Period Ended February 28, 2005, which was filed with the SEC on April 20, 2005).

- 10.12 Promissory Note dated as of December 15, 2005 in the amount of \$2,066,000 issued by Greystone Logistics, Inc. and Greystone Manufacturing, L.L.C. to Robert B. Rosene, Jr. (incorporated herein by reference to Exhibit 10.2 of Greystone's Form 10-QSB for the Quarterly Period Ended November 30, 2005, which was filed with the SEC on January 17, 2006).
- 10.13 Security Agreement dated as of December 15, 2005 by and between Greystone Logistics, Inc. and Greystone Manufacturing, L.L.C. and Robert B. Rosene, Jr. relating to Promissory Note in the amount of \$2,066,000 (incorporated herein by reference to Exhibit 10.5 of Greystone's Form 10-QSB for the Quarterly Period Ended November 30, 2005, which was filed with the SEC on January 17, 2006).
- 10.14 Yorktown Management & Financial Services, LLC Molds, Grinder, Ancillary Resin Handling Equipment, Bumper Contract, Raw Materials and Finished Goods Inventory Purchase Agreement and Bill of Sale dated as of February 7, 2007, by and between Greystone Logistics, Inc. and Yorktown Management & Financial Services, LLC (incorporated herein by reference to Exhibit 10.1 of Greystone's Form 8-K dated February 7, 2007, which was filed with the SEC on February 27, 2007).
- 10.15 Real Property Sale and Lease Agreement between Greystone Manufacturing, L.L.C. and Greystone Real Estate, L.L.C., dated January 18, 2011 (incorporated herein by reference to Exhibit 10.1 of Greystone's Form 10-Q for the period ended February 28, 2011, which was filed on April 19, 2011).
- 10.16 Bill of Sale and Assignment dated January 31, 2014, among Yorktown Management and Financial Services, L.L.C., Greystone Manufacturing, L.L.C., Greystone Logistics, Inc. and Warren F. Kruger (incorporated herein by reference to Exhibit 10.4 of Greystone's Form 8-K filed on February 5, 2014).
- 10.18\*\* Amendment to Greystone's Amended and Restated Stock Option Plan (incorporated herein by reference to Exhibit 10.25 to Greystone's Form 10-K filed on September 14, 2012).
- 21.1 Subsidiaries of Greystone Logistics, Inc. (submitted herewith).
- 23.1 Consent of HoganTaylor LLP (submitted herewith).
- 31.1 Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended, and Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (submitted herewith).
- 31.2 Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended, and Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (submitted herewith).
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (submitted herewith).
- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (submitted herewith).
- 101 Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets at May 31, 2015 and 2014, (ii) the Consolidated Statements of Operations for the years ended May 31, 2015 and 2014, (iii) the Consolidated Statements of Changes in Deficit for the years ended May 31, 2015 and 2014, (iv) the

Consolidated Statements of Cash Flows for the years ended May 31, 2015 and 2014, and (v) the Notes to Consolidated Financial Statements.

\*\* Management contract or compensatory plan or arrangement required to be filed as an exhibit to this report.

