

EYI INDUSTRIES INC.
Form 10QSB
May 15, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-QSB

Quarterly Report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended **March 31, 2007**

Transition Report under Section 13 or 15(d) of the Exchange Act

For the transition period from _____ to _____

Commission File Number: **000-29803**

EYI INDUSTRIES, INC.

(Exact name of small business issuer as specified in its charter)

NEVADA

(State or other jurisdiction of
incorporation or organization)

88-0407078

(IRS Employer Identification No.)

7865 Edmonds Street

Burnaby, BC CANADA

(Address of principal executive offices)

V3N 1B9

(Zip Code)

Issuer's telephone number:

(604) 759-5031

NOT APPLICABLE

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

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 407,237,190 shares of common stock issued and outstanding as of May 14, 2007. Transitional Small Business Disclosure Format (check one): Yes No

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10-QSB and Item 310(b) of Regulation S-B, and, therefore, do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, cash flows, and stockholders' equity in conformity with accounting principles generally accepted in the United States of America. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature. Operating results for the quarterly period ended March 31, 2007 are not necessarily indicative of the results that can be expected for the year ending December 31, 2007.

As used in this quarterly report, the terms "we", "us", "our", "EYI" and "our company" mean EYI Industries, Inc. and its subsidiaries unless otherwise indicated. All dollar amounts in this quarterly report are in U.S. dollars unless otherwise stated.

F-1

EYI INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS

	March 31, 2007 (Unaudited)	December 31, 2006
ASSETS		
CURRENT ASSETS		
Cash	\$ 276,766	\$ 901,764
Accounts receivable, net of allowance	60,450	18,425
Other accounts receivables	75,310	67,582
Prepaid expenses	73,638	181,048
Inventory	904,871	735,291
TOTAL CURRENT ASSETS	1,391,035	1,904,110
OTHER ASSETS		
Property, plant and equipment, net	74,272	77,452
Deposits	43,971	46,432
TOTAL OTHER ASSETS	118,243	123,884
INTANGIBLE ASSETS	12,272	12,829
TOTAL ASSETS	\$ 1,521,550	\$ 2,040,823
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,441,529	\$ 1,427,214
Accounts payable - related parties	337,529	439,256
Interest payable, convertible debt	348,562	252,326
Convertible debt - related party, net of discount	2,458,229	2,456,311
Derivative on convertible debt	1,189,064	1,303,630
Notes payable - related party	50,000	50,000
TOTAL CURRENT LIABILITIES	5,824,913	5,928,737
Net liabilities from discontinued operations	375,344	375,344
MINORITY INTEREST IN SUBSIDIARY	-	120,739
STOCKHOLDERS' DEFICIT		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, \$0.001 par value; 3,000,000,000 shares authorized, 379,490,854 and 345,675,516 shares issued and outstanding, respectively	379,491	345,675
Additional paid-in capital	9,989,852	9,536,004
Stock options and warrants	5,202,123	4,382,299
Subscription receivable	(195,000)	(195,000)
Accumulated deficit	(20,055,173)	(18,452,975)

TOTAL STOCKHOLDERS' DEFICIT		(4,678,707)		(4,383,997)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$	1,521,550	\$	2,040,823

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

F-2

EYI INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31, 2007 (Unaudited)	Three Months Ended March 31, 2006 (Unaudited)
REVENUE, NET OF RETURNS AND ALLOWANCES	\$ 1,181,166	\$ 1,108,759
COST OF GOODS SOLD	363,063	287,952
GROSS PROFIT BEFORE COMMISSION EXPENSE	818,103	820,807
COMMISSION EXPENSE	416,877	385,443
GROSS PROFIT AFTER COST OF GOODS SOLD AND COMMISSION EXPENSE	401,226	435,364
OPERATING EXPENSES		
Consulting fees	198,574	259,736
Legal and professional fees	25,788	74,482
Customer service	30,823	40,416
Finance and administration	169,365	499,973
Sales and marketing	25,138	78,624
Telecommunications	44,426	30,660
Wages and benefits	1,270,920	277,571
Warehouse expense	71,292	62,898
TOTAL OPERATING EXPENSES	1,836,326	1,324,360
LOSS FROM OPERATIONS	(1,435,100)	(888,996)
OTHER INCOME (EXPENSES)		
Interest and other income	201	(8,565)
Interest expense	(98,780)	(450)
Financing fees	(237,012)	-
Gain/(loss) on derivatives	162,735	-
Foreign currency gain	5,758	4,669
TOTAL OTHER INCOME (EXPENSES)	(167,098)	(4,346)
NET LOSS BEFORE TAXES	(1,602,198)	(893,342)
PROVISION FOR INCOME TAXES	-	-
NET LOSS BEFORE ALLOCATION TO MINORITY INTEREST	(1,602,198)	(893,342)
ALLOCATION OF LOSS TO MINORITY INTEREST	-	17,420
LOSS FROM DISCONTINUED OPERATIONS	-	-
NET LOSS	\$ (1,602,198)	\$ (875,922)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	\$ nil	\$ nil
WEIGHTED AVERAGE NUMBER OF COMMON STOCK SHARES OUTSTANDING FOR BASIC AND DILUTED CALCULATION	333,018,096	250,936,751

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

EYI INDUSTRIES, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT

	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in Capital	Subscription Receivable	Option/ Warrants	Retained Earnings	Total
Balance, December 31, 2005	217,600,875	\$ 217,600	\$ 6,155,518	\$ (195,000)	\$ 2,698,984	\$ (11,347,215)	\$ (2,470,113)
Vested stock options issued for consulting at an average price of \$0.20 per share	-	-	-	-	3,750	-	3,750
Stock issued to Cornell in exchange for \$1,084,565 pursuant to SEDA	42,941,686	42,942	1,041,623	-	-	-	1,084,565
Shares returned to treasury	(268,639)	(269)	269	-	-	-	-
Beneficial conversion of convertible debt	-	-	200,207	-	-	-	200,207
Warrants issued to Cornell Capital for financing services	-	-	-	-	3,148,413	-	3,148,413
Vested stock options issued for consulting at \$0.10 per share	-	-	-	-	5,000	-	5,000
Vested stock options issued to employees at \$0.02 per share	-	-	-	-	1,400	-	1,400
Expired consultant stock options	-	-	961,300	-	(961,300)	-	-
Expired employee stock options	-	-	311,717	-	(311,717)	-	-

Edgar Filing: EYI INDUSTRIES INC. - Form 10QSB

Vested stock options issued to employees at \$0.06 per share	-	-	-	-	40	-	40
Expired consultant stock options	-	-	38,500	-	(38,500)	-	-
Expired employee stock options	-	-	99,988	-	(99,988)	-	-
Beneficial conversion of convertible debt	-	-	67,604	-	-	-	67,604
Stock issued to Cornell to retire portion of debenture	34,095,618	34,096	182,140	-	-	-	216,236
Stock issued to Certain Wealth to retire portion of debenture	22,430,351	22,430	104,195	-	-	-	126,625
Stock issued to TAIB Bank to retire portion of debenture	28,058,371	28,058	130,403	-	-	-	158,461
Vested stock options issued to employees at \$0.06 per share	-	-	-	-	1,415	-	1,415
Warrants issued to a consulting firm for services	-	-	-	-	862	-	862
Warrants issued to a manufacturer for services	-	-	-	-	1,440	-	1,440
Expired consultant stock options	-	-	30,000	-	(30,000)	-	-
Expired employee stock	-	-	37,500	-	(37,500)	-	-

Edgar Filing: EYI INDUSTRIES INC. - Form 10QSB

options							
Beneficial conversion of convertible debt	-	-	170,669	-	-	-	170,669
Restricted shares issued to a consultant at \$0.006	500,000	500	2,500	-	-	-	3,000
Restricted shares issued to a consultant at \$0.0069	317,254	317	1,872	-	-	-	2,189
Net loss for year ended December 31, 2006	-	-	-	-	-	(7,105,759)	(7,105,759)
Balance, December 31, 2006	345,675,516	345,675	9,536,004	(195,000)	4,382,299	(18,452,975)	(4,383,997)
Expired employee stock options	-	-					