GREENMAN TECHNOLOGIES INC
Form 10KSB
January 02, 2008

U.S. Securities and Exchange Commission
Washington, D.C. 20549

Form 10-KSB

(Mark One)

|X| ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 2007

OR

|_| TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-13776

GreenMan Technologies, Inc.
(Name of small business issuer in its charter)

Delaware	71-0724248
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
12498 Wyoming Ave So., Savage, MN	55378
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number (781) 224-2411

Securities registered pursuant to Section 12 (g) of the Exchange Act:

Title of each class

Common Stock, $ .01 par value
(Title of each class)

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act |_|

Check whether the issuer (1) has 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 |X|

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B in this form, and no disclosure will 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-KSB or any amendment to this Form 10-KSB. |X|

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

The issuer's revenues for the fiscal year ended September 30, 2007 were $20,178,726.

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of December 26, 2007 was $7,874,403.

As of December 26, 2007, 22,880,435 shares of common stock of issuer were outstanding.

Transitional Small Business Disclosure Format (check one) Yes |_| No |X|

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INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-KSB contains forward-looking statements regarding future events and the future results of GreenMan Technologies, Inc. within the meaning of the Private Securities Litigation Reform Act of 1995, and are based on current expectations, estimates, forecasts, and projections and the beliefs and assumptions of our management. Words such as "expect," "anticipate," "target," "goal," "project," "intend," "plan," "believe," "seek," "estimate," "will," "likely," "may," "designed," "would," "future," "can," "could" and other similar expressions that are predictions of or indicate future events and trends or which do not relate to historical matters are intended to identify such forward-looking statements. These statements are based on management's current expectations and beliefs and involve a number of risks, uncertainties, and assumptions that are difficult to predict; consequently actual results may differ materially from those projected, anticipated, or implied.

PART I

Item 1. Description of Business

General

GreenMan Technologies, Inc. (together with its subsidiaries "we", "us" or "our") was originally founded in 1992 and has been operated as a Delaware corporation since 1995. Today, we comprise two operating locations that collect, process and market scrap tires in whole, shredded or granular form. We are headquartered in Savage, Minnesota and currently operate tire processing operations in Iowa and Minnesota.

Our tire processing operations are paid a fee to collect, transport and process scrap tires (i.e., collection/processing revenue) in whole or two inch or smaller rubber chips which are then sold (i.e., product revenue).

Recent Developments

On October 1, 2007 we acquired Welch Products, Inc., a company headquartered in Carlisle, Iowa that specializes in design, product development, and manufacturing of environmentally responsible products using recycled materials, primarily recycled rubber. Welch's patented products and processes include playground safety tiles, roadside anti-vegetation products, construction molds and highway guard-rail rubber spacer blocks. Through its recent acquisition of Playtribe, Inc., Welch Products also provides innovative playground design, equipment and installation. Welch Products has been one of our crumb rubber customers for the past several years. The transaction was structured as a share exchange in which 100 percent of Welch Products' common stock was exchanged for 8 million shares of our common stock, valued at $2,800,000.

In connection with the restructuring of our credit facility with Laurus Master Fund, Ltd. in 2006, we issued Laurus a warrant to purchase up to an aggregate of 3,586,429 shares of our common stock at an exercise price equal to $0.01 per share. On January 25, 2007 we filed a registration statement under the Securities Act of 1933 relating to those shares as well as 553,997 shares issuable to another shareholder upon exercise of a warrant. The registration statement was declared effective on February 6, 2007. During the period of June through August 2007, Laurus acquired 1,154,098 shares of our common stock upon the partial exercise of its warrant on a cashless basis.

Products and Services

Our tire processing operations are paid a fee to collect, transport and process scrap tires (i.e., collection/processing revenue) in whole or two inch or smaller rubber chips which are then sold (i.e., product revenue).

We collect scrap tires from three sources:

- local, regional and national tire stores;

- o tire manufacturing plants; and
- o illegal tire piles being cleaned-up by state, county and local governmental entities.

The tires we collect are processed and sold:

- o as tire-derived fuel used in lieu of coal by pulp and paper producers, cement kilns and electric utilities;
- o as a substitute for crushed stone in civil engineering applications such as road beds, landfill construction or septic field construction; or
- o as crumb rubber (rubber granules) and used for playground and athletic surfaces, running tracks, landscaping/groundcover applications and bullet containment systems.

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Manufacturing/Processing

Our tire shredding operations currently have the capacity to process about 15 million passenger tire equivalents annually. Our continuing operations collected approximately 12.8 million passenger tire equivalents in the fiscal year ended September 30, 2007 compared to approximately 12.1 million passenger tire equivalents during the year ended September 30, 2006.

The method used to process tires is a series of commercially available shredders that sequentially reduce tires from whole tires to two-inch chips or smaller. Bead-steel is removed magnetically, yielding a "95% wire-free chip." This primary recycling process recovers approximately 60% of the incoming tire. The remaining balance consists of un-saleable cross-contaminated rubber and steel ("waste wire"), which we have historically disposed of at significant annual costs. Our Iowa and Minnesota facilities further process the waste wire residual into saleable components of rubber and steel, which reduces residual disposal costs and provides additional sources of revenue. In our Iowa facility, rubber is further granulated into particles less than one-quarter inch in size for use in the rapidly expanding athletic surfaces and playground markets served by Welch Products.

Raw Materials

We believe we will have access to a supply of tires sufficient to meet our requirements for the foreseeable future. According to the 2007 Scrap Tire and Rubber User's Directory, in 2006 approximately 300 million passenger tire equivalents (approximately one per person per year) were discarded in the United States (referred to as "current generation scrap tires") in addition to an estimated several hundred million scrap passenger tire equivalents already stockpiled in illegal tire piles. Additionally, approximately 237 million passenger tire equivalents are currently recycled, of which approximately 133 million are burned as tire-derived fuel; 46 million are used in civil engineering applications; and 58 million are used in various other applications such as crumb rubber production, retreading and export. The approximately 63 million remaining passenger tire equivalents are now added to landfills annually. Based on this and other data, there appears to be an adequate supply of tires to meet our needs.

Customers

Our customers continue to consist of major tire manufacturers, local and regional tire outlets, and state and local governments. We have many long-term, stable relationships with our customers and we do not believe that the loss of any individual customer would have a material adverse effect on our business. During 2007 and 2006, no single customer accounted for more than 10% of our total net sales.

We do not have any long-term contracts which require any customer to purchase any minimum amount of products or provide any minimum amount of tires. There can be no assurance that we will continue to receive orders of the same magnitude as in the past from existing customers or that we will be able to market our current or proposed products to new customers.

Sales and Marketing

We continue to utilize in-house sales staff for securing new accounts and marketing processed materials. This strategy maximizes revenue and concentrates our sales/marketing efforts on highly focused initiatives. Sales/marketing personnel have extensive experience in the tire recycling industry and in industries where our processed materials are consumed.

Competition

We compete in a highly fragmented and decentralized market with a large number of small competitors. Although we continue to believe there is an opportunity for industry consolidation, we have focused our attention on strategic value-added vertical integration such as the acquisition of Welch Products. Our strategy is to continue to increase the number of passenger tire equivalents that we processes through aggressive sales and marketing efforts as well as continuing to focus on identifying and generating new marketing strategies for recycled tires and their value added by-products.

Government Regulation

Our tire recycling and processing activities are subject to extensive and rigorous government regulation designed to protect the environment. We do not believe that our activities result in emission of air pollutants, disposal of combustion residues, or storage of hazardous substances except in compliance with applicable permits and standards. The establishment and operation of plants for tire recycling, however, are subject to obtaining numerous permits and compliance with environmental and other government regulations. The process of obtaining required regulatory approvals can be lengthy and expensive. The Environmental Protection Agency and comparable state and local regulatory agencies actively enforce environmental regulations and conduct periodic inspections to determine compliance with government regulations. Failure to comply with applicable regulatory requirements can result in, among other things, fines, suspensions of approvals, seizure or recall of products, operating restrictions, and criminal prosecutions. Furthermore, changes in existing regulations or adoption of new regulations could impose costly new procedures for compliance, or prevent us from obtaining, or affect the timing of, regulatory approvals. We use our best efforts to keep abreast of changed or new regulations for immediate implementation.

Protection of Intellectual Property Rights and Proprietary Rights

None of the equipment or machinery that we currently use or intend to use in our current or proposed manufacturing activities is proprietary. Any competitor can acquire equivalent equipment and machinery on the open market.

We have used the name "GreenMan" in interstate commerce since inception and assert a common law right in and to that name.

Employees

As of September 30, 2007, we had 77 full time employees. We are not a party to any collective bargaining agreements and consider the relationship with our employees to be satisfactory.

Item 2. Description of Properties

Our Minnesota location consists of production facilities and office space situated on approximately eight acres which we lease from a related party. The lease expires in 2016, but provides for two additional four-year extensions. (See "Item 12. Certain Relationships and Related Transactions - Related Party Transactions.")

Our Iowa location consists of production facilities and office space situated on approximately four acres which we lease on a triple net basis from a related party. The lease expires in 2013 and provides us with a right of first refusal to purchase the land and buildings at fair market value during the term of the lease. In addition, we entered into a new lease with the same related party for approximately three additional acres adjacent to our Iowa facility expiring in 2013. (See "Item 12. Certain Relationships and Related Transactions - Related Party Transactions.")

The Georgia location consists of production facilities and office space which we lease pursuant to an April 2001 sale/leaseback arrangement originally expiring in 2021. In February 2006, we renegotiated the lease to permit us to terminate the lease with 180 days notice. Despite early termination, we will be obligated to continue to pay rent until the earlier to occur of (1) the sale of the premises by the landlord; (2) the date on which the landlord begins leasing the premises to a new tenant; or (3) three years from the date on which we vacate the property.

During the period of February 16, 2006 to March 1, 2006, we completed the sale of substantially all GreenMan of Georgia operating assets to two companies, one of which is co-owned by a former employee. In addition, we entered into a sublease agreement with each party with respect to part of the premises located in Georgia with a rolling six month commitment from each party. In December 2006, we received notice from one of the parties of their intent to terminate their sublease and they vacated the property as of September 30, 2007. The remaining subleseee has expressed an interest in the additional portion of the Georgia property.

We rent approximately 1,100 square feet of office space in Lynnfield, Massachusetts, the site of our former corporate headquarters, on a rolling six-month basis at $1,250 per month.

We consider our properties in good condition, well maintained and generally suitable to carry on our business activities for the foreseeable future.

Item 3. Legal Proceedings

As of September 30, 2007, approximately seventeen vendors of our GreenMan Technologies of Georgia, Inc. and GreenMan Technologies of Tennessee, Inc. subsidiaries had commenced legal action, primarily in the state courts of Georgia, in attempts to collect approximately $1.9 million of past due amounts, plus accruing interest, attorneys' fees, and costs, all relating to various services rendered to these subsidiaries. These amounts are included in liabilities related to discontinued operations at September 30, 2007. The largest individual claim is for approximately $650,000. As of September 30, 2007, eight vendors had secured judgments in their favor against GreenMan Technologies of Georgia, Inc. for an aggregate of approximately $661,000. As previously noted, all of GreenMan Technologies of Tennessee, Inc.'s assets were sold in September 2005 and substantially all of GreenMan Technologies of Georgia, Inc.'s assets were sold as of March 1, 2006. All proceeds from these sales were retained by our secured lender and these subsidiaries have no substantial assets. We are therefore currently evaluating the alternatives available to these subsidiaries.

Although GreenMan Technologies, Inc. was not a party to any of these vendor relationships, three of the plaintiffs have named GreenMan Technologies, Inc. as a defendant along with our subsidiaries. We believe that GreenMan Technologies, Inc. has valid defenses to these claims, as well as against any similar or related claims that may be made against us in the future, and we intend to defend against any such claims vigorously. In addition to the foregoing, we are subject to routine claims from time to time in the ordinary course of our business. We do not believe that the resolution of any of the claims that are currently known to us will have a material adverse effect on our company or on our financial statements.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of our shareholders during the fourth quarter of the fiscal year ended September 30, 2007.

PART II

Item 5. Market for Common Equity, Related Stockholder Matters and Small Business Issuer's Purchases of Equity Securities

Our common stock traded on the American Stock Exchange from September 2002 through June 15, 2006 under the symbol "GRN." Our common stock ceased trading on the Exchange and was delisted from the Exchange on July 6, 2006. During the period of June 15 through June 20, 2006 our common stock traded on the Pink Sheet, and on June 21, 2006 our stock began trading on the OTC Bulletin Board under the symbol "GMTI". The following table sets forth the high and low bid quotations for our common stock for the periods indicated as quoted on the American Stock Exchange, the Pink Sheet and the OTC Bulletin Board, for these respective periods. Quotations from the Pink Sheet and the OTC Bulletin Board reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

	Common Stock	
	High	Low
Fiscal 2006		
Quarter Ended December 31, 2005	$ 0.27	$ 0.15
Quarter Ended March 31, 2006	0.32	0.14
Quarter Ended June 30, 2006	0.57	0.23
Quarter Ending September 30, 2006	0.40	0.26
Fiscal 2007		
Quarter Ended December 31, 2006	$ 0.63	$ 0.32

Quarter Ended March 31, 2007	0.49	0.23
Quarter Ended June 30, 2007	0.39	0.27
Quarter Ending September 30, 2007	0.39	0.30

On December 26, 2007, the closing price of our common stock was $.52 per share.

As of September 30, 2007, we estimate the approximate number of stockholders of record of our common stock to be 2,000. This number excludes individual stockholders holding stock under nominee security position listings.

We have not paid any cash dividends on our common stock since inception and do not anticipate paying any cash dividends in the foreseeable future. In addition, our agreements with Laurus Master Fund, Ltd. prohibit the payment of cash dividends.

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

In September 2005, due to the magnitude of continued operating losses, our Board of Directors approved separate plans to divest the operations of our Georgia and Tennessee subsidiaries and dispose of their respective assets. In addition, due to continuing operation losses, in July 2006 we sold our California subsidiary. Accordingly, we have classified all three respective entity's results of operations as discontinued operations for all periods presented in the accompanying consolidated financial statements. On October 1, 2007, we acquired Welch Products, Inc. in exchange for 8,000,000 newly issued shares of our commons stock. Because the acquisition was completed after the end of our fiscal year, the results described below do not include any contribution from Welch Products.

Fiscal Year ended September 30, 2007 Compared to Fiscal Year ended September 30, 2006

Net sales from continuing operations for the fiscal year ended September 30, 2007 increased $2,570,914 or 15% to $20,178,726 as compared to $17,607,812 for the fiscal year ended September 30, 2006. Our continuing operations processed 6% more or approximately 12.8 million passenger tire equivalents during the fiscal year ended September 30, 2007 compared to approximately 12.1 million passenger tire equivalents during the same period last year. The increase in revenue was primarily attributable to a 27% increase in overall product revenue in addition to increased volume on which we realized a 2% increase in overall tipping fees (fees we are paid to collect and dispose of scrap tires) during the fiscal year ended September 30, 2007. The increase also included approximately $484,000 of revenue and 174,000 passenger tire equivalents associated with an Iowa scrap tire cleanup project which was completed during fiscal 2007.

Gross profit for the fiscal year ended September 30, 2007 was $5,956,568 or 30% of net sales, compared to $4,654,059 or 26% of net sales for the fiscal year ended September 30, 2006. Our cost of sales increased $1,268,405 or 10% primarily due to increased collection and processing costs associated with higher inbound volume including $85,000 of increased processing residual waste costs due to the completion of several large civil engineering projects (which use more of the scrap tire including waste wire) during the fiscal year ended September 30, 2006.

Selling, general and administrative expenses for the fiscal year ended

September 30, 2007 increased $291,226 to $3,841,029 or 19% of net sales, compared to $3,549,803 or 20% of net sales for the fiscal year ended September 30, 2006. The results for the fiscal year ended September 30, 2006 included approximately $397,000 of one-time severance costs related to our former President and Chief Executive Officer and the sale of our California subsidiary in July 2006. This decrease from 2006 was offset by an increase of approximately $580,000 wages and performance based incentives in addition to the re-allocation of approximately $132,000 of net corporate operating expenses which were absorbed by discontinued operations during the fiscal year ended September 30, 2006.

As a result of the foregoing, we had operating income from continuing operations of $2,115,539 during the fiscal year ended September 30, 2007 as compared to operating income of $1,104,256 for the same period last year.

Interest and financing expense for the fiscal year ended September 30, 2007 decreased $1,578,786 to $2,006,299 compared to $3,585,085 during the fiscal year ended September 30, 2006. The decrease is attributable to the elimination of $1,273,014 of non-cash financing fees and interest and $888,000 one-time fees and expenses incurred during the fiscal year ended September 30, 2006 associated with Laurus credit facility which was restructured in June 2006. This reduction was offset by the inclusion of approximately $566,000 of deferred interest associated with the June 2006 Laurus credit facility restructuring. During the fiscal year ended September 30, 2006 we recognized approximately $353,000 of gain on restructuring associated with the June 30, 2006 restructuring of our promissory note with Republic Services of Georgia, LP (see Note 4 to our Audited Consolidated Financial Statements).

We recorded a provision for federal and state income tax expense of approximately $116,000 and $65,000 during the fiscal years ended September 30, 2007 and 2006, respectively.

As a result of the foregoing, our loss after income taxes from continuing operations for the fiscal year ended September 30, 2007 was $3,302 or $.00 per basic share, compared to a net loss of $2,244,978 or $.11 per basic share for the fiscal year ended September 30, 2006.

During the fiscal year ended September 30, 2007, we received credits from vendors, recovered certain bad debts and reduced certain accrued expenses which offset a $19,058 increase in our Georgia lease settlement reserve resulting in $297,196 ($.01 per basic share) of income from discontinued operations. The $1,460,981 net loss ($.08 per basic share) from discontinued operations for the fiscal year ended September 30, 2006 includes approximately $1 million associated with our former California operations and approximately $461,000 associated with the costs of exiting associated with our Georgia operation.

Our net income for the fiscal year ended September 30, 2007 was $293,894 or $.01 per basic share as compared to a net loss of $3,705,959 or $.19 per basic share for the fiscal year ended September 30, 2006.

Liquidity and Capital Resources

As of September 30, 2007, we had $376,764 in cash and cash equivalents and a working capital deficiency of $3,520,493 of which $3,018,503 or 86% of the total is associated with our discontinued Georgia subsidiary. We understand our continued existence is dependent on our ability to generate positive operating cash flow, achieve profitable status on a sustained basis and settle existing obligations. We believe our efforts to achieve these goals, have been positively impacted by the June 30, 2006 restructuring of our Laurus Credit facility and our divestiture of historically unprofitable operations during fiscal 2006 and 2005 as evidenced by our recent two consecutive profitable quarters and a significant reduction in our quarterly losses over the prior four quarters.

Our Consolidated Statements of Cash Flows reflect events in the fiscal year ended September 30, 2007 and 2006 as they affect our liquidity. During the fiscal year ended September 30, 2007, net cash provided by operating activities was $1,087,933 reflecting a net profit was $293,894 and the impact by the following non-cash expenses and changes to our working capital: $1,912,445 of depreciation and amortization which offset a $538,162 decrease in accounts payable, and a $405,430 increase in accounts receivable. While our net loss for the fiscal year ended September 30, 2006 was $3,705,959 our overall cash flow was positively impacted by the following non-cash expenses and changes to our working capital: $2,808,591 of depreciation and amortization, $264,543 of non-cash impairment loss and net loss on disposal of fixed assets and a decrease in accounts receivable and other current assets aggregating $1,736,704 which offset a $289,603 decrease in accounts payable.

Net cash used for investing activities was $933,825 for the fiscal year ended September 30, 2007, reflecting the purchase of $941,075 of equipment offset by proceeds from the sale of equipment of $7,250. Net cash used for by investing activities was $863,880 for the fiscal year ended September 30, 2006 reflecting the purchase of $1,424,212 of equipment and the receipt of $560,332 from the sale of assets.

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Net cash used by financing activities was $416,358 during the fiscal year ended September 30, 2007 reflecting the normal debt and capital lease repayments. Net cash provided by financing activities was $764,787 during the fiscal year ended September 30, 2006 reflecting the positive impact of the Laurus restructuring and other notes payable and the sale of our common stock.

In order to reduce our operating costs, address our liquidity needs and return to profitable status, we have implemented and/or are in the processing of implementing the following actions:

Divestiture of Unprofitable Operations

Due to the magnitude of the continuing operating losses incurred by our Georgia ($3.4 million) and Tennessee ($1.8 million) subsidiaries during fiscal 2005 and our California ($3.2 million since inception) subsidiary in fiscal 2006 our Board of Directors determined it to be in the best interest of our company to discontinue all southeastern and west coast operations and dispose of their respective operating assets.

The divestiture of our Tennessee operations was substantially completed during the fiscal year ended September 30, 2005. In September 2005, we adopted a plan to dispose of all Georgia operations and during the quarter ended December 31, 2005, we substantially curtailed operations at our Georgia subsidiary. We completed the divestiture of all Georgia operating assets as of March 1, 2006. The aggregate net losses incurred during fiscal 2006 associated with our discontinued Georgia operation was approximately $582,000.

During the year ended September 30, 2007 we received credits from vendors, we recovered certain bad debts and we reduced certain accrued expenses which offset a $19,058 increase in our lease settlement reserve (see discussion of our Georgia lease below) resulting in approximately $297,000 of income from discontinued Georgia operations.

In July 2006 we sold our California subsidiary to a third party for $1,000. The aggregate net losses including the loss on disposal associated with the discontinued operations of our California subsidiary included in the results of operations for year ended September 30, 2006 were approximately $1,005,000 and $3.2 million since inception.

Credit Facility Refinancing

On June 30, 2006, we entered into a $16 million amended and restated credit facility with Laurus (the "New Credit Facility"). The New Credit Facility consists of a $5 million non-convertible secured revolving note and an $11 million secured non-convertible term note. Unlike our previous credit facility with Laurus, the New Credit Facility is not convertible into shares of common stock.

The revolving note has a term of three years from the closing, bears interest on any outstanding amounts at the prime rate published in The Wall Street Journal from time to time plus 2%, with a minimum rate of 8%. The amount we may borrow at any time under the revolving note is based on our eligible accounts receivable and our eligible inventory with an advance rate equal to 90% of our eligible accounts receivable (90 days or less) and 50% of finished goods inventory up to a maximum of $5 million minus such reserves as Laurus may reasonably in its good faith judgment deem necessary from time to time.

The term note has a maturity date of June 30, 2009 and bears interest at the prime rate published in The Wall Street Journal from time to time plus 2% with a minimum rate of 8%. Interest on the loan is payable monthly commencing August 1, 2006. Principal will be amortized over the term of the loan, commencing on July 2, 2007, with minimum monthly payments of principal as follows: (i) for the period commencing on July 2, 2007 through June 2008, minimum payments of $150,000; (ii) for the period from July 2008 through June 2009, minimum payments of $400,000; and (iii) the balance of the principal shall be payable on the maturity date. In May 2007, Laurus agreed to reduce the monthly principal payments required under Credit Facility during the period of July 2007 to June 2008 from $150,000 to $100,000 per month. Laurus also agreed to reduce the monthly principal payments required during the period of July 2008 to September 2008 from $400,000 to $100,000 per month. The net reduction of $1,500,000 will be deferred and payable at the June 2009 maturity date. In addition, we have agreed to make an excess cash flow repayment as follows: no later than 95 days following the end of each fiscal year beginning with the fiscal year ending on September 30, 2007, we have agreed to make a payment equal to 50% of (a) our aggregate net operating cash flow generated in such fiscal year less (b) our aggregate capital expenditures in such fiscal year (up to a maximum of 25% of the net operating cash flow calculated in accordance with clause (a) of this sentence. The term loan may be prepaid at any time without penalty. We used approximately $9,972,000 of the term loan proceeds to repay certain existing debt (including approximately $8.5 million due to Laurus) and to pay approximately $888,000 of transaction fees associated with the New Credit Facility.

In connection with the New Credit Facility, we also issued to Laurus a warrant to purchase up to an aggregate of 3,586,429 shares of our common stock at an exercise price equal to $.01 per share. Laurus has agreed that it will not, on any trading day, be permitted to sell any common stock acquired upon exercise of this warrant in excess of 10% of the aggregate number of shares of the common stock traded on such trading day. Previously issued warrants to purchase an aggregate of 1,380,000 shares of our common stock were canceled as part of these transactions. The amount of our common stock Laurus may hold at any given time is limited to no more than 4.99% of our outstanding capital stock. This limitation may be waived by Laurus upon 61 days notice to us and does not apply if an event of default occurs and is continuing under the New Credit Facility.

On January 25, 2007 we filed the registration statement under the Securities Act of 1933 relating to the 3,586,429 shares underlying the June 30, 2006 warrant as well as 553,997 shares issuable to another shareholder upon exercise of a warrant. The registration statement was declared effective on February 6, 2007.

Pursuant to Statement of Financial Accounting Standards No. 15, "Accounting by Debtors and Creditors for Troubled Debt Restructuring" ("SFAS 15") the New Credit Facility has been accounted for as a troubled debt restructuring. It was determined that, because the effective interest rate of the New Credit Facility was lower than that of the previous credit facility therefore indicating a concession was granted by Laurus, we are viewed as a passive beneficiary of the restructuring, and no new transaction has occurred. Under SFAS 15, a modification of terms "is neither an event that results in a new asset or liability for accounting purposes nor an event that requires a new measurement of an existing asset or liability." Thus, from a debtor's standpoint, SFAS 15 calls for a modification of the terms of a loan to be accounted for prospectively. As a result, unamortized balances of $258,900 of deferred financing fees and $972,836 of debt discount and beneficial conversion features associated with the previous Laurus credit facility were netted along with the value of the new warrants issued of $344,155 against the new term debt related to the portion of the new debt that refinanced the Laurus debt and related accrued interest totaling $8,503,416 to provide a net carrying amount for that portion of the debt of $6,927,525. The carrying amount of the loan will be amortized over the term of the loan at a constant effective interest of 20% applied to the future cash payments specified by the new loan.

Subject to applicable cure periods, amounts borrowed under the New Credit Facility are subject to acceleration upon certain events of default, including: (i) any failure to pay when due any amount we owe under the New Credit Facility; (ii) any material breach by us of any other covenant made to Laurus; (iii) any misrepresentation, in any material respect, made by us to Laurus in the documents governing the New Credit Facility; (iv) the institution of certain bankruptcy and insolvency proceedings by or against us; (v) the entry of certain monetary judgments greater than $50,000 against us that are not paid or vacated for a period of 30 business days; (vi) suspensions of trading of our common stock; (vii) any failure to deliver shares of common stock upon exercise of the warrant; (viii) certain defaults under agreements related to any of our other indebtedness; and (ix) changes of control of our company. Substantial fees and penalties are payable to Laurus in the event of a default.

Our obligations under the New Credit Facility are secured by first priority security interests in all of the assets of our company and all of the assets of our GreenMan Technologies of Minnesota, Inc. and GreenMan Technologies of Iowa, Inc. subsidiaries, as well as by pledges of the capital stock of those subsidiaries. We expect to grant Laurus additional security interest in the assets of Welch Products and its subsidiaries, and believe that the grant of those security interests will increase our borrowing base under the term note described above.

Additional Steps to Increase Liquidity

Over the last several years, we have funded portions of our operating cash flow from sales of equity securities, loans from officers and related parties, increased borrowings and extending payments to our vendors.

In November 2000, a director loaned us $200,000 under an unsecured promissory note which bore interest at 12% per annum with interest due monthly and the principal due in November 2001. In June 2001 and again in September 2002, the director agreed to extend the maturity date of note until November

2004. The director agreed to extend the maturity date several times and on August 24, 2006, agreed to convert the $200,000 of principal and $76,445 of accrued interest into 953,259 of unregistered shares of common stock at a price of $.29 per share which was the closing price of our stock on the date of conversion.

In addition, during the period of January to June 2006, another director loaned us $155,000 under the terms of three unsecured promissory notes which bear interest at 10% per annum with interest with principal due during periods ranging from June 30, 2006 through September 30, 2006. On April 12, 2006, the director agreed in lieu of being repaid in cash at maturity to convert $76,450 (including interest of $1,450) into 273,035 shares of unregistered common stock at a price of $.28 which was the closing price of our stock on the date of conversion. In addition, on June 5, 2006 the director agreed to convert $15,226 (including interest of $226) into 42,295 shares of unregistered common stock at a price of $.36 which was the closing price of our stock on the date of conversion. The director has been repaid $30,000 during the fiscal year ended September 30, 2007 and agreed to extend the remaining $35,000 until the earlier of when all amounts due under the restructured Laurus credit facility have been repaid or June 30, 2009.

Operating Performance Enhancements

Historically, our tire shredding operations were able to recover and sell approximately 60% of a processed tire with the balance disposed of as waste wire residual (cross-contaminated rubber and steel) at a significant cost. During the past several years we have purchased secondary equipment for our Iowa and Minnesota facilities to further process the waste wire residual into saleable components of rubber and steel that not only provide new sources of revenue but also significantly reduced our residual disposal costs.

During the third quarter of fiscal 2006, we initiated a $950,000 equipment upgrade to our Iowa processing facility installing new fine grind crumb rubber processing equipment. The equipment became operational during September 2006. This new equipment is expected to increase overall production capacity by over 8

million pounds per year to over 20 million pounds of crumb rubber capacity. Approximately $450,000 of the initiative was funded by a long term loan from the Iowa Department of Natural Resources with the balance of the project funded through internally generated cash flow and Iowa's line of credit. The Iowa line of credit was subsequently paid off in conjunction with our June 2006 Laurus refinancing.

Effects of Inflation and Changing Prices

Generally, we are exposed to the effects of inflation and changing prices. Given the largest component of our collection and disposal costs is transportation, we have been adversely affected by the significant increases in the cost of fuel. Additionally, because we rely on floating-rate debt for certain financing arrangements, rising interest rates in fiscal 2006 and higher prevailing interest rates in fiscal 2007 have had a negative effect on our performance.

Based on our fiscal 2008 operating plan, available working capital, revenues from operations and anticipated availability under our working capital line of credit with Laurus, we believe we will be able to satisfy our cash requirements through fiscal 2008 at which time our Laurus principal payments increase substantially. If we are unable to obtain additional financing or restructure our remaining principal payments with Laurus, our ability to maintain our current level of operations could be materially and adversely affected and we may be required to adjust our operating plans accordingly.

Off-Balance Sheet Arrangements

We lease various facilities and equipment under cancelable and non-cancelable short and long term operating leases which are described in Note 7 to our Audited Consolidated Financial Statements.

Cautionary Statement

Information contained or incorporated by reference in this document contains forward-looking statements regarding future events and the future results of GreenMan Technologies, Inc. within the meaning of the Private Securities Litigation Reform Act of 1995, and are based on current expectations, estimates, forecasts, and projections and the beliefs and assumptions of our management. Words such as "expect," "anticipate," "target," "goal," "project," "intend," "plan," "believe," "seek," "estimate," "will," "likely," "may," "designed," "would," "future," "can," "could" and other similar expressions that are predictions of or indicate future events and trends or which do not relate to historical matters are intended to identify such forward-looking statements. These statements are based on management's current expectations and beliefs and involve a number of risks, uncertainties, and assumptions that are difficult to predict; consequently actual results may differ materially from those projected, anticipated, or implied.

Factors That May Affect Future Results

Risks Related to our Business

We have been profitable during the most recent two quarters but lost money in the previous eighteen consecutive quarters. We may need additional working capital if we do not maintain profitability, which if not received, may force us to curtail operations.

While we recognized net income during the second half of fiscal 2007, we have incurred losses from operations in the prior 18 consecutive quarters. As of September 30, 2007, we had $376,764 in cash and cash equivalents and a working capital deficiency of $3,520,493 of which $3,018,503 or 86% of the total is associated with our discontinued Georgia subsidiary. We understand our continued existence is dependent on our ability to generate positive operating cash flow and achieve profitable status on a sustained basis and settle existing obligations. We believe our efforts to achieve these goals, as evidenced by our recent two consecutive profitable quarters and a significant reduction in our quarterly losses over the prior four quarters have been positively impacted by the June 30, 2006 restructuring of our Laurus Credit facility (see Note 4 to our Audited Consolidated Financial Statements) and our divestiture of historically unprofitable operations during fiscal 2006 and 2005 (see Note 2 to our Audited Consolidated Financial Statements). However, in the first quarter of fiscal 2009, our principal payments due Laurus are scheduled to increase substantially. If we are unable to obtain additional financing or restructure our remaining principal payments with Laurus, our ability to maintain our current level of operations could be materially and adversely affected and we may be required to adjust our operating plans accordingly.

The delisting of our common stock by the American Stock Exchange has limited our stock's liquidity and could substantially impair our ability to raise capital.

Our common stock ceased trading on the American Stock Exchange on June 15, 2006 and was delisted by the Exchange on July 6, 2006 as result of our failure to maintain Stockholders' equity in excess of $4 million as required by the Exchange's Company Guide when a company has incurred losses in three of the four most recent fiscal years. During the period of June 15 through June 20, 2006 we were traded on the Pink Sheet. On June 21, 2006 we began trading on the Over-The-Counter-Bulletin-Board under the symbol "GMTI". We believe the delisting has limited our stock's liquidity and could substantially impair our ability to raise capital.

We have substantial indebtedness to Laurus Master Fund secured by substantially all of our assets. If an event of default occurs under the secured notes issued to Laurus, Laurus may foreclose on our assets and we may be forced to curtail or cease our operations or sell some or all of our assets to repay the notes. We have registered for resale for Laurus the 3,586,429 shares underlying a warrant.

On June 30, 2006, we entered into a $16 million amended and restated credit facility with Laurus (the "New Credit Facility"). The New Credit Facility consists of a $5 million non-convertible secured revolving note and an $11 million secured non-convertible term note.

Subject to certain grace periods, the notes and agreements provide for the following events of default (among others):

- failure to pay interest and principal when due;
- an uncured breach by us of any material covenant, term or condition in any of the notes or related agreements;
- a breach by us of any material representation or warranty made in any of the notes or in any related agreement;
- any form of bankruptcy or insolvency proceeding is instituted by or against us;
- any money judgment or similar final process is filed against us for more than $50,000 that remains unvacated, unbonded or unstayed for a period of 30 business days;
- suspension of our common stock from our principal trading market for five consecutive days or five days during any ten consecutive days;
- any failure to deliver shares of common stock upon exercise of the warrant;
- certain defaults under agreements related to any of our other indebtedness; and
- changes of control of our company.

In the event of a future default under our agreements with Laurus, Laurus may enforce its rights as a secured party and we may lose all or a portion of our assets, be forced to materially reduce our business activities or cease operations. On January 25, 2007 we filed the registration statement under the Securities Act of 1933 relating to the 3,586,429 shares underlying the June 30, 2006 warrant as well as 553,997 shares issuable to another shareholder upon exercise of a warrant. The registration statement was declared effective on February 6, 2007.

We will require additional funding to grow our business, which funding may not be available to us on favorable terms or at all. If we do not obtain funding when we need it, our business will be adversely affected. In addition, if we have to sell securities in order to obtain financing, the rights of our current holders may be adversely affected.

We will have to seek additional outside funding sources to satisfy our future financing demands if our operations do not produce the level of revenue we require to maintain and grow our business. We cannot assure that outside funding will be available to us at the time that we need it and in the amount necessary to satisfy our needs, or, that if such funds are available, they will be available on terms that are favorable to us. If we are unable to secure financing when we need it, our business will be adversely affected and we may need to discontinue some or all of our operations. If we have to issue additional shares of common stock or securities convertible into common stock in order to secure additional funding, our current stockholders will experience dilution of their ownership of our shares. In the event that we issue securities or instruments other than common stock, we may be required to issue such instruments with greater rights than those currently possessed by holders of our common stock.

Improvement in our business depends on our ability to increase demand for our products and services.

Factors that could limit demand for our products and services are adverse events or economic or other conditions affecting markets for our products and services, potential delays in product development, product and service flaws, changes in technology, changes in the regulatory environment and the availability of competitive products and services.

Our business is subject to extensive and rigorous government regulation; failure to comply with applicable regulatory requirements could substantially harm our business.

Our tire recycling activities are subject to extensive and rigorous government regulation designed to protect the environment. The establishment and operation of plants for tire recycling are subject to obtaining numerous permits and complying with environmental and other government regulations. The process of obtaining required regulatory approvals can be lengthy and expensive. The Environmental Protection Agency and comparable state and local regulatory agencies actively enforce environmental regulations and conduct periodic inspections to determine compliance with government regulations. Failure to comply with applicable regulatory requirements can result in, among other things, fines, suspensions of approvals, seizure or recall of products, operating restrictions, and criminal prosecutions. Furthermore, changes in existing regulations or adoption of new regulations could impose costly new procedures for compliance, or prevent us from obtaining, or affect the timing of, regulatory approvals.

The market in which we operate is highly competitive, fragmented and decentralized and our competitors may have greater technical and financial resources.

The market for our services is highly competitive, fragmented and decentralized. Many of our competitors are small regional or local businesses. Some of our larger competitors may have greater financial and technical resources than we do. As a result, they may be able to adapt more quickly to new or emerging technologies, changes in customer requirements, or devote greater resources to the promotion and sale of their services. Competition could increase if new companies enter the markets in which we operate or our existing competitors expand their service lines. These factors may limit or prevent any further development of our business.

Our success depends on the retention of our senior management and other key personnel.

Our success depends largely on the skills, experience and performance of our senior management. The loss of any key member of senior management could have a material adverse effect on our business.

Seasonal factors may affect our quarterly operating results.

Seasonality may cause our total revenues to fluctuate. We typically process fewer tires during the winter and experience a more pronounced volume reduction in severe weather conditions. In addition, a majority of our crumb rubber is used for playground and athletic surfaces, running tracks and landscaping/groundcover applications which are typically installed during the warmer portions of the year. Similar seasonal or other patterns may develop in our business.

Inflation and changing prices may hurt our business.

Generally, we are exposed to the effects of inflation and changing prices. Primarily because the largest component of our collection and disposal costs is transportation, we have been adversely affected by significant increases in the cost of fuel. Additionally, because we rely on floating-rate debt for certain financing arrangements, rising interest rates in fiscal 2006 and higher prevailing interest rates in fiscal 2007 have had a negative effect on our financial performance.

If we acquire other companies or businesses we will be subject to risks that could hurt our business.

A significant part of our business strategy entails future acquisitions or significant investments in businesses that offer complementary products and services. Promising acquisitions are difficult to identify and complete for a number of reasons. Any acquisitions completed by our company may be made at a premium over the fair value of the net assets of the acquired companies and competition may cause us to pay more for an acquired business than its long-term fair market value. There can be no assurance that we will be able to complete future acquisitions on terms favorable to us or at all. In addition, we may not be able to integrate our Welch Products acquisition or any future acquired businesses, at all or without significant distraction of management into our ongoing business. In order to finance acquisitions, it may be necessary for us to issue shares of our capital stock to the sellers of the acquired businesses and/or to seek additional funds through public or private financings. Any equity or debt financing, if available at all, may be on terms which are not favorable to us and, in the case of an equity financing or the use of our stock to pay for an acquisition, may result in dilution to our existing stockholders.

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As we grow, we are subject to growth related risks.

We are subject to growth-related risks, including capacity constraints and pressure on our internal systems and personnel. In order to manage current operations and any future growth effectively, we will need to continue to implement and improve our operational, financial and management information systems and to hire, train, motivate, manage and retain employees. We may be unable to manage such growth effectively. Our management, personnel or systems may be inadequate to support our operations, and we may be unable to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth. Any such failure could have a material adverse impact on our business, operations and prospects. In addition, the cost of opening new facilities and the hiring of new personnel for those facilities could significantly decrease our profitability, if the new facilities do not generate sufficient additional revenue.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, current and potential shareholders could lose confidence in our financial reporting, which would harm our business and the trading price of our stock.

Effective internal controls are necessary for us to provide reliable financial reports and effectively minimize the possibility of fraud and its impact on our company. If we cannot continue to provide financial reports or effectively minimize the possibility of fraud, our business reputation and operating results could be harmed.

In addition, we will be required as currently proposed to include the management reports on internal controls as part of our annual report for the fiscal year ending September 30, 2008, pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, which requires, among other things, that we maintain effective internal controls over financial reporting and procedures. In particular, we must perform system and process evaluation and testing of our internal controls over financial reporting to allow management and our independent registered public accounting firm (commencing with the fiscal year ended September 30, 2009) to report on the effectiveness of our internal controls over financial reporting, as required by Section 404. Our compliance with Section 404 will require that we incur substantial accounting expense and expend significant management efforts.

We cannot be certain as to the timing of the completion of our evaluation and testing, the timing of any remediation actions that may be required or the impact these may have on our operations. Furthermore, there is no precedent available by which to measure compliance adequacy. If we are not able to implement the requirements relating to internal controls and all other provisions of Section 404 in a timely fashion or achieve adequate compliance with these requirements or other requirements of the Sarbanes-Oxley Act, we might become subject to sanctions or investigation by regulatory authorities such as the Securities and Exchange Commission or any securities exchange on which we may be trading at that time, which action may be injurious to our reputation and affect our financial condition and decrease the value and liquidity of our common stock.

Risks Related to the Securities Market

Our stock price may be volatile, which could result in substantial losses for our shareholders.

Our common stock is thinly traded and an active public market for our stock may not develop. Consequently, the market price of our common stock may be highly volatile. Additionally, the market price of our common stock could fluctuate significantly in response to the following factors, some of which are beyond our control:

- we are now traded on the OTC Bulletin Board;
- changes in market valuations of similar companies;

- announcements by us or by our competitors of new or enhanced products, technologies or services or significant contracts, acquisitions, strategic relationships, joint ventures or capital commitments;

- regulatory developments;

- additions or departures of senior management and other key personnel;

- deviations in our results of operations from the estimates of securities analysts; and

- future issuances of our common stock or other securities.

We have options and warrants currently outstanding. Exercise of these options and warrant will cause dilution to existing and new shareholders. Future sales of common stock by Laurus and our existing stockholders could result in a decline in the market price of our stock.

As of September 30, 2007, we had options and warrants outstanding to purchase approximately 9,875,758 shares of common stock. The exercise of our options and warrants will cause additional shares of common stock to be issued, resulting in dilution to investors and our existing stockholders. As of September 30, 2007, approximately 15 million shares of our common stock were eligible for sale in the public market. This represents approximately 66% of our outstanding shares of common stock. We have registered an additional 2,951,905 shares of common stock issuable upon exercise of remaining warrants owned by certain stockholders, therefore increasing the potential total shares of our common stock eligible for resale in the public market to 18 million. Sales of a significant number of shares of our common stock in the public market could result in a decline in the market price of our common stock, particularly in light of the illiquidity and low trading volume in our common stock.

Our directors, executive officers and principal stockholders own a significant percentage of our shares, which will limit your ability to influence corporate matters.

Our directors, executive officers and other principal stockholders owned approximately 34 percent of our outstanding common stock as of September 30, 2007. Accordingly, these stockholders could have a significant influence over the outcome of any corporate transaction or other matter submitted to our stockholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets and also could prevent or cause a change in control. The interests of these stockholders may differ from the interests of our other stockholders. During the fiscal year ended September 30, 2007, Laurus acquired 1,154,098 shares of our common stock upon partial exercise of its warrant on a cashless basis. In addition, Laurus can elect to acquire up to 4,811,905 shares of our outstanding stock by exercising its warrants for an aggregate exercise price of $48,119. If Laurus were to acquire those shares, they would represent 21% of our outstanding shares of common stock at September 30, 2007. In addition, the limited number of shares held in public float effect the liquidity of our common stock. Third parties may be discouraged from making a tender offer or bid to acquire us because of this concentration of ownership.

We have never paid dividends on our capital stock and we do not anticipate paying any cash dividends in the foreseeable future.

We have paid no cash dividends on our capital stock to date and we currently intend to retain our future earnings, if any, to fund the development and growth of our business. In addition, our agreements with Laurus prohibit the payment of cash dividends. As a result, capital appreciation, if any, of our common stock will be shareholders' sole source of gain for the foreseeable future.

Anti-takeover provisions in our charter documents and Delaware law could discourage potential acquisition proposals and could prevent, deter or delay a change in control of our company.

Certain provisions of our Restated Certificate of Incorporation and By-Laws could have the effect, either alone or in combination with each other, of preventing, deterring or delaying a change in control of our company, even if a change in control would be beneficial to our stockholders. Delaware law may also discourage, delay or prevent someone from acquiring or merging with us.

Environmental Liability

There are no known material environmental violations or assessments.

Recent Accounting Pronouncements

SFAS 123(R) - In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123(R) (revised 2004), Share-Based Payment, which is a revision of SFAS No. 123, Accounting for Stock-Based Compensation. SFAS No. 123(R) supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees, and amends SFAS No. 95, Statement of Cash Flows. Generally, the approach in SFAS No. 123(R) is similar to the approach described in SFAS No. 123. However, SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is not an alternative. SFAS No. 123(R) must be adopted no later than the first interim period for fiscal years beginning after December 15, 2005. We adopted SFAS No. 123(R) effective on October 1, 2006.

SFAS No. 123(R) permits public companies to adopt its requirements using one of two methods: a "modified prospective" approach or a "modified retrospective" approach. Under the modified prospective approach, compensation cost is recognized beginning with the effective date based on the requirements of SFAS 123(R) for all share-based payments granted after the effective date and the requirements of SFAS No. 123(R) for all awards granted to employees prior to the effective date of SFAS No. 123(R) that remain unvested on the effective date. The modified retrospective approach includes the requirements of the modified prospective approach but also permits entities to restate based on the amounts previously recognized under SFAS No. 123 for purposes of pro forma disclosures either for all prior periods presented or prior interim periods of the year of adoption. We have adopted the modified prospective method.

As permitted by SFAS No. 123, we had accounted for the share-based payments to employees using APB Opinion No. 25's intrinsic value method and, as such, generally recognize no compensation cost for employee stock options. However, grants of stock to employees have always been recorded at fair value as required under existing accounting standards. We do not expect the adoption of SFAS No. 123(R) to have a material effect on our results of operations. However, our results of operations could be materially affected by share-based payments issued after the adoption of SFAS 123(R). The impact of the adoption of SFAS No. 123(R) cannot be predicted at this time because it will depend on levels of share-based payments granted in the future. The unamortized compensation costs at September 30, 2007 was $335,944.

SFAS No. 123(R) also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow, rather than an operating cash flow under current accounting literature. Since we do not have the benefit of tax deductions in excess of recognized compensation cost, because of its net operating loss position, the change will have no immediate impact on the consolidated financial statements.

SFAS No. 154 - In May 2005, FASB issued SFAS No. 154 "Accounting Changes and Error Corrections", to amend Opinion 20 and FASB No. 3 and changes the requirements for the accounting for and reporting of a change in accounting principle. This Statement provides guidance on the accounting for and reporting of accounting changes and error corrections. It establishes, unless impracticable, retrospective application as the required method for reporting a change in accounting principle in the absence of explicit transition requirements specific to the newly adopted accounting principle. This Statement also provides guidance for determining whether retrospective application of a change in accounting principle is impracticable and for reporting a change when retrospective application is impracticable. The correction of an error in previously issued financial statements is not an accounting change. However, the reporting of an error correction involves adjustments to previously issued financial statements similar to those generally applicable to reporting an accounting change retrospectively. Therefore, the reporting of a correction of an error by restating previously issued financial statements is also addressed by this Statement. The effective date for accounting changes and correction of errors made in fiscal years beginning after December 15, 2005. This pronouncement has not had a material effect on our financial statements.

SFAS No. 155 - In February 2006, FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments" as an amendment to SFAS No. 133 and 140. This Statement:

a. Permits fair value re-measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation;

b. Clarifies which interest-only strips and principal-only strips are not subject to the requirements of Statement 133;

c. Establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation;

d. Clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives; and

e. Amends Statement 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument.

This Statement is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. The adoption of SFAS 155 has not had a material effect on our consolidated financial position or results of operations.

SFAS No. 157 - In September 2006, the FASB issue SFAS No. 157, "Fair Value Measurement" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 17, 2007 and interim periods within those fiscal years. We are evaluating the impact of adopting SFAS 157 on our consolidated financial position, results of operations and cash flows.

FIN No. 48 - In July 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertain Tax Positions"; an Interpretation of SFAS No. 109 ("FIN 48"), which clarifies the criteria for recognition and measurement of benefits from uncertain tax positions. Under FIN 48, an entity should recognize a tax benefit when it is "more-likely-than-not", based on the technical merits, that the position would be sustained upon examination by a taxing authority. The amount to be recognized, given the "more likely than not" threshold was passed, should be measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. Furthermore, any change in the recognition, derecognition or measurement of a tax position should be recognized in the interim period in which the change occurs. We do not expect the adoption of FIN 48 to have a material effect on our consolidated financial position or results of operations.

Sarbanes-Oxley Section 404 - The Securities and Exchange Commission issued two releases on August 6, 2006 to grant smaller public companies and many foreign private issuers further relief from compliance with Section 404 of the Sarbanes-Oxley Act of 2002. The Commission is proposing to grant relief to smaller public companies by extending the date by which non-accelerated filers must start providing a report by management assessing the effectiveness of the company's internal control over financial reporting. The initial compliance date for these companies would be moved from fiscal years ending on or after July 15, 2007, until fiscal years ending on or after Dec. 15, 2007. The Commission also proposes to extend the date by which non-accelerated filers must begin to comply with the Section 404(b) requirement to provide an auditor's attestation report on internal control over financial reporting in their annual reports. This deadline would be moved to the first annual report for a fiscal year ending on or after Dec. 15, 2008. This proposed extension would result in all non-accelerated filers being required to complete only the management's portion of the internal control requirements in their first year of compliance with the requirements. This proposal is intended to provide cost savings and efficiency opportunities to smaller public companies and to assist them as they prepare to comply fully with Section 404's reporting requirements. This proposed extension will provide these issuers and their auditors an additional year to consider, and adapt to, the changes in Auditing Standard No. 5 that the Commission and the Public Company Accounting Oversight Board intend to make, as well as the guidance for management the Commission intends to issue, to improve the efficiency of the Section 404(b) auditor attestation report process.

Item 7. Financial Statements

For information required with respect to this Item 7, see "Consolidated Financial Statements" on pages 24 through 48 of this report.

Item 8. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 8A. Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of September 30, 2007. In designing and evaluating our disclosure controls and procedures, we recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applied its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our chief executive officer and chief financial officer concluded that as of September 30, 2007, our disclosure controls and procedures were (1) designed to ensure that material information relating to the company, including our consolidated subsidiaries, is made known to our chief executive officer and chief financial officer by others within those entities, particularly during the period in which this report was being prepared and (2) effective, in that they provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms.

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended September 30, 2007 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART III

Item 9. Directors, Executive Officers and Key Employees

The information relating to directors and executive officers of the Company is incorporated herein by reference to the information in the Company's 2008 Proxy Statement under the headings: ""Election of Directors"; "Occupations of Directors and Executive Officers"; "Code of Ethics"; "Section 16(a) Beneficial Ownership Reporting Compliance.

Item 10. Executive Compensation

The information relating to executive compensation is incorporated herein by reference to the information in the Company's 2008 Proxy Statement under the headings: "Executive Compensation"; "Employment Agreements"; "Stock Option Plans"; "Non-Employee Director Stock Option Plan"; "Employee Benefit Plan".

Item 11. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information relating to security ownership of certain beneficial owners and management is incorporated herein by reference to the information in the Company's 2008 Proxy Statement under the heading "Security Ownership of Certain Beneficial Owners and Management".

Item 12. Certain Relationships and Related Transactions

Stock Issuances; Warrants

In April 2006, Mr. Jensen purchased 500,000 unregistered shares of our common stock at $.28 per share which was the closing bid price of the common stock on the date his employment agreement was executed.

During the quarter ended June 30, 2006, Mr. DeBenedictis agreed to convert $91,676 of principal and interest due him under certain unsecured promissory notes payable into 315,330 shares of our unregistered common stock.

During the last half fiscal 2006, Messers. Jensen, Needham, Boyd, DeBenedictis, Coppa and Dr. Kahn agreed to accept 231,695 shares of unregistered common stock (valued at $82,046 at date of conversion) in lieu of cash for certain director's fees and expenses due the individuals. In addition, on August 1, 2006, Mr. Coppa purchased 50,000 unregistered shares of common stock (valued at $15,000 at date of purchase).

On August 21, 2007, Mr. Jensen purchased 100,000 unregistered shares of common stock (valued at $35,000 at date of purchase).

During the year ended September 30, 2007, Messrs. Boyd, DeBenedictis and Dr. Kahn agreed to accept 84,838 shares of unregistered common stock valued at $30,796 (all shares were issued at a price equal to the closing price of our common stock on date of issuance) in lieu of cash for certain director's fees, interest and expenses due the directors.

Loans; Personal Guarantees

Dr. Kahn loaned us $200,000 under a November 2000 unsecured promissory note which bears interest at 12% per annum with interest due monthly and the principal originally due in November 2001. In June 2001, Dr. Kahn agreed to extend the maturity date of the note for an additional twelve months from its original maturity. In September 2002, Dr. Kahn again agreed to extend the maturity of the note until November 2004. Dr. Kahn agreed to extend the maturity dated several times and on August 24, 2006, Dr. Kahn agreed to convert the $200,000 of principal and $76,445 of accrued interest into 953,259 unregistered shares of common stock.

Between the period of June and August 2003, two immediate family members of an officer loaned us a total of $400,000 under the terms of two-year, unsecured promissory notes which bear interest at 12% per annum with interest due quarterly and the principal due upon maturity. In March 2004, these same individuals loaned us an additional $200,000 in aggregate, under similar terms with the principal due upon maturity March 2006. These individuals each agreed to invest the entire $100,000 principal balance of their June 2003 notes ($200,000 in aggregate) into our April 2004 private placement of investment units and each received 113,636 units in these transactions. In addition, the two individuals agreed to extend the maturity of the remaining balance of these notes, $400,000 at September 30, 2007 until the earlier of when all amounts due under the Laurus credit facility have been repaid or June 30, 2009.

In September 2003, our former Chief Executive Officer loaned us $400,000 under a September 30, 2003 unsecured promissory note which bore interest at 12% per annum. with interest due quarterly and the principal due March 31, 2004 (subsequently extended to September 30, 2004). In 2006 he agreed to extend the maturity of this note until the earlier of when all amounts due under the Laurus credit facility have been repaid or June 30, 2009. In July 2006, he assigned the remaining balance of $99,320 as follows: $79,060 of the remaining balance to one of Mr. Needham's immediate family members noted above and the remaining balance of $20,260 plus accrued interest of $13,500 to Mr. Needham.

Between January and June 2006, Mr. DeBenedictis loaned us $155,000 under three unsecured promissory notes which bear interest at 10% per annum with interest and principal due during periods ranging from June 30, 2006 through September 30, 2006. On April 12, 2006, Mr. DeBenedictis agreed in lieu of being repaid in cash at maturity to convert $76,450 (including interest of $1,450) into 273,035 shares of unregistered common stock at a price of $.28 which was the closing price of our stock on the date of conversion. In addition, on June 5, 2006 Mr. DeBenedictis agreed to convert $15,226 (including interest of $226) into 42,295 shares of unregistered common stock at a price of $.36 which was the closing price of our stock on the date of conversion. Mr. DeBenedictis has agreed be paid $10,000 per month during the first half of fiscal 2007 and extend the remaining $35,000 until the earlier of when all amounts due under the restructured Laurus credit facility have been repaid or June 30, 2009.

Related Party Transactions

We rent several pieces of equipment on a monthly basis from Valley View Farms, Inc. and Maust Asset Management, LLC, two companies co-owned by one of our employees. In January 2005, we entered into three equipment operating lease agreements with Maust Asset Management. Under these leases, we are required to pay between $1,500 and $2,683 per month rental and have the ability to purchase the equipment at the end of the lease for between $12,000 and $16,000. Rent expense associated with payments made to the two companies for the fiscal years ended September 30, 2007 and 2006 was $187,554 and $263,801, respectively.

In July 2002, our Minnesota subsidiary entered into a four-year equipment lease with Valley View Farms. Under the lease, we were required to pay rent of $4,394 per month until the lease termination in July 2006 at which time we purchased the equipment for $60,000 as provided for in the lease.

During fiscal 2006, we entered into 4 new capital lease agreements with Maust Asset Management for equipment valued at $423,038. We are required to pay rent of between $2,543 and $4,285 per month and have the ability to purchase the equipment at the end of the lease for prices ranging from $11,250 to $15,000 per unit.

During fiscal 2007, we entered into a new capital lease agreement with Maust Asset Management for equipment valued at $64,719. We are required to pay rent of $1,614 per month and have the ability to purchase the equipment at the end of the lease for $8,512.

In April 2003, our Iowa subsidiary entered into a ten-year lease agreement with Maust Asset Management for our Iowa facility. Under the lease, monthly rent payments of $8,250 plus real estate taxes are required for the first five years, increasing to $9,000 plus real estate taxes per month for the remaining five years. The lease also provides us a right of first refusal to purchase the land and buildings at fair market value during the term of the lease. Maust Asset Management acquired the property from the former lessor. In April 2005, our Iowa subsidiary entered into an eight-year lease agreement with Maust Asset Management for approximately three acres adjacent to our existing Iowa facility. Under that lease, monthly rent payments of $3,500 are required. For the fiscal years ended September 30, 2007 and 2006, payments made in connection with these leases amounted to $179,203 and $163,221, respectively.

During March 2004, our Minnesota subsidiary sold all of its land and buildings to an entity co-owned by one of our employees for $1,400,000, realizing a gain of $437,337 which has been recorded as unearned income and classified as a non current liability in the accompanying financial statements. Simultaneous with the sale, we entered into an agreement to lease the property back for a term of 12 years at an annual rent of $195,000, increasing to $227,460 over the term of the lease. The gain is being recognized as income ratably over the term of the lease. The lease provides for two additional four year extensions. The building lease is classified as a capital lease at September 30, 2007 valued at $1,036,000 with the portion allocated to land treated as an operating lease. For the fiscal years ended September 30, 2007 and 2006, payments made in connection with this lease amounted to $241,539 and $240,672, respectively.

All transactions, including loans, between us and our officers, directors, principal stockholders, and their affiliates are approved by a majority of the independent and disinterested outside directors on the Board of Directors. Management believes these transactions were consummated on terms no less favorable to us than could be obtained from unaffiliated third parties.

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Item 13. Exhibits and Reports on Form 8-K

The following exhibits are filed with this document:

Exhibit No.	--	Description
2.1 (1)	--	Asset Purchase Agreement dated February 17, 2006 between GreenMan Technologies of Georgia, Inc., GreenMan Technologies, Inc. and Tires Into Recycled Energy and Supplies, Inc.
2.2 (1)	--	Asset Purchase Agreement dated March 1, 2006 between GreenMan Technologies of Georgia, Inc., GreenMan Technologies, Inc. and MTR of Georgia, Inc.
2.3 (1)	--	Amendment No. 1 to Lease Agreement dated February 28, 2006 between GreenMan Technologies of Georgia, Inc. and Mart Management, Inc.
2.4 (19)	--	Share Exchange Agreement among GreenMan Technologies, Inc., Welch Products, Inc. and the Stockholders of Welch Products, Inc., dated October 1, 2007
2.5 (19)	--	Escrow Agreement among GreenMan Technologies, Inc., Welch Products, Inc., the Stockholders of Welch Products, Inc. and Dreher, Simpson and Jensen, P.C., as Escrow Agent, dated October 1, 2007
2.6 (19)	--	Agreement among GreenMan Technologies, Inc., Welch Products, Inc., the Stockholders of Welch Products, Inc. and Laurus Master Fund Ltd., dated October 1, 2007
3.1 (2)	--	Restated Certificate of Incorporation as filed with the Secretary of State of the State of Delaware on May 1, 2003, as amended
3.2 (3)	--	By-laws of GreenMan Technologies, Inc.
4.1 (3)	--	Specimen certificate for Common Stock of GreenMan Technologies, Inc.
4.2 (2)	--	Option Agreement, dated July 20, 2005 by and between GreenMan Technologies, Inc. and Laurus Master Fund, Ltd.
4.3 (4)	--	Common Stock Purchase Warrant, dated June 30, 2006, issued To Laurus Master Fund
4.4 (4)	--	Registration Rights Agreement dated June 30, 2006, made by GreenMan Technologies, Inc. to Laurus Master Fund, Ltd.
10.1 (5)	--	Securities Purchase Agreement, dated June 30, 2004, by and

		between GreenMan Technologies, Inc. and Laurus Master Fund, Ltd.
10.2 (5)	--	Security Agreement, dated June 30, 2004, by and among GreenMan Technologies, Inc. and certain of its subsidiaries, in favor of Laurus Master Fund, Ltd.
10.3 (5)	--	Master Security Agreement, dated June 30, 2004, by and among GreenMan Technologies, Inc. and certain of its subsidiaries, in favor of Laurus Master Fund, Ltd.
10.4 (5)	--	Subsidiary Guarantee, dated June 30, 2004, by and among GreenMan Technologies of Minnesota, Inc., GreenMan Technologies of Georgia, Inc., GreenMan Technologies of Iowa, Inc., GreenMan Technologies of Tennessee, Inc., GreenMan Technologies of Wisconsin, Inc. and GreenMan Technologies of California, Inc., in favor of Laurus Master Fund, Ltd.
10.5 (5)	--	Stock Pledge Agreement, dated June 30, 2004, by and among GreenMan Technologies, Inc. and Laurus Master Fund, Ltd.
10.6 (6)	--	Amendment No. 1 and Waiver dated March 22, 2005 by and among GreenMan Technologies, Inc. and certain of its subsidiaries, in favor of Laurus Master Fund, Ltd.
10.7 (2)	--	Securities Purchase Agreement, dated July 20, 2005, by and between GreenMan Technologies, Inc. and Laurus Master Fund, Ltd.
10.8 (2)	--	Reaffirmation and Ratification Agreement, dated July 20, 2005 by and between GreenMan Technologies, Inc. and certain of its subsidiaries, in favor of Laurus Master Fund, Ltd.

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10.9 (7)	--	Waiver dated April 8, 2006 by and among GreenMan Technologies, Inc. and Laurus Master Fund, Ltd.
10.10 (4)	--	Amended and Restated Security Purchase Agreement, dated June 30, 2006, by and among GreenMan Technologies, Inc. and certain of its subsidiaries, in favor of Laurus Master Fund, Ltd.
10.11 (4)	--	Secured Non-Convertible Term Note, dated June 30, 2006, made by GreenMan Technologies, Inc. to Laurus Master Fund, Ltd.
10.12 (4)	--	Secured Non-Convertible Revolving Note, dated June 30, 2006, made by GreenMan Technologies, Inc. to Laurus Master Fund, Ltd.
10.13 (4)	--	Reaffirmation and Ratification Agreement dated June 30, 2006, made by GreenMan Technologies, Inc. to Laurus Master Fund, Ltd.
10.14 (4)	--	Stock Pledge Agreement, dated June 30, 2006, by and among GreenMan Technologies, Inc. and Laurus Master Fund, Ltd.

10.15 (4)	--	Escrow Agreement dated June 30, 2006, among GreenMan Technologies, Inc., Laurus Master Fund, Ltd., and Loeb & Loeb LLP, as Escrow Agent
10.16 (18)	--	Letter dated May 7, 2007 between GreenMan Technologies, Inc. and Laurus Master Fund, Ltd.
10.17 (3)	--	1993 Stock Option Plan
10.18 (8)	--	2005 Stock Option Plan
10.19 (3)	--	Form of confidentiality and non-disclosure agreement for executive employees
10.20 (9)	--	Employment Agreement dated April 1, 2003 between GreenMan Technologies, Inc. and Maurice E. Needham
10.21 (10)	--	Employment Agreement dated April 12, 2006, between GreenMan Technologies, Inc. and Lyle E. Jensen
10.22 (11)	--	Employment Agreement between GreenMan Technologies, Inc. and Charles E. Coppa
10.23 (19)	--	Consulting Agreement between GreenMan Technologies, Inc. and Bruce A. Boland, dated October 1, 2007
10.24 (19)	--	Consulting Agreement between GreenMan Technologies, Inc. and John W. Brown, dated October 1, 2007
10.25 (12)	--	Promissory note issued November 17, 2000 by GreenMan Technologies, Inc. to Dr. Kahn
10.26 (13)	--	$100,000 Promissory Note issued by GreenMan Technologies, Inc. to Joyce Ritterhauss dated March 10, 2004
10.27 (9)	--	$100,000 Promissory Note by GreenMan Technologies, Inc. to Barbara Morey dated June 26, 2003
10.28 (9)	--	$100,000 Promissory Note by GreenMan Technologies, Inc. to Barbara Morey dated August 26, 2003
10.29 (13)	--	$100,000 Promissory Note issued by GreenMan Technologies, Inc. to Barbara Morey dated March 18, 2004
10.30 (17)	--	$20,260 Unsecured Promissory Note by GreenMan Technologies, Inc. to Barbara Morey dated July 7, 2006
10.31 (17)	--	$79,060 Unsecured Promissory Note by GreenMan Technologies, Inc. to Barbara Morey dated July 7, 2006
10.32 (5)	--	Subordination Agreement, dated June 30, 2004, by and among Barbara Morey, Joyce Ritterhauss, Allen Kahn, Robert Davis and Nancy Davis, in favor of Laurus Master Fund
10.33 (14)	--	$100,000 Unsecured Promissory Note issued by GreenMan Technologies, Inc. to Nicholas and Nancy DeBenedictis dated January 6, 2006

10.34 (4)	--	Subordination Agreement, dated March 15, 2006 by and among

		Nicholas and Nancy DeBenedictis in favor of Laurus Master Fund, Ltd.
10.35 (13)	--	Purchase Agreement dated February 21, 2004 between GreenMan Technologies of Minnesota, Inc. and Earl Fisher
10.36 (13)	--	Commercial Lease Agreement dated March 25, 2004 between GreenMan Technologies of Minnesota, Inc. and Two Oaks, LLC
10.37 (15)	--	Lease Agreement By and Between WTN Realty Trust to GreenMan Technologies of Georgia, Inc. dated April 2, 2001
10.38 (16)	--	$750,000 Promissory Note by GreenMan Technologies, Inc. to Republic Services of Georgia, LP dated May 6, 2002
10.39 (4)	--	Mutual General Release by and between GreenMan Technologies, Inc. et al. and Republic Services, Inc. dated June 30, 2006
10.40 (4)	--	$150,000 Promissory Note by GreenMan Technologies, Inc. to Republic Services of Georgia, LP dated June 30, 2006
10.41 (18)	--	Letter dated June 22, 2007 between GreenMan Technologies, Inc. and Republic Services of Georgia, LP.
10.42 (9)	--	Lease - Business Property agreement dated April 1, 2003 between GreenMan Technologies of Iowa, Inc. and Maust Asset Management, LLC
10.43 (9)	--	Guaranty dated September 12, 2003 by GreenMan Technologies, Inc. of obligations of GreenMan Technologies of Iowa, Inc. under the Lease - Business Property with Maust Asset Management, LLC
10.44 (7)	--	Lease - Business Property agreement dated March 1, 2005 between GreenMan Technologies of Iowa, Inc. and Maust Asset Management, LLC
10.45 (7)	--	Lease - Motor Vehicle agreement dated January 1, 2005 between GreenMan Technologies of Minnesota, Inc. and Maust Asset Management, LLC
10.46 (7)	--	Lease - Motor Vehicle agreement dated January 1, 2005 between GreenMan Technologies of Minnesota, Inc. and Maust Asset Management, LLC
10.47 (7)	--	Lease - Motor Vehicle agreement dated January 1, 2005 between GreenMan Technologies of Minnesota, Inc. and Maust Asset Management, LLC
10.48 (17)	--	Lease - Motor Vehicle agreement dated December 29, 2005 between GreenMan Technologies of Minnesota, Inc. and Maust Asset Management, LLC
10.49 (17)	--	Lease - Motor Vehicle agreement dated July 1, 2006 between GreenMan Technologies of Minnesota, Inc. and Maust Asset Management, LLC
10.50 (17)	--	Lease - Motor Vehicle agreement dated July 1, 2006 between GreenMan Technologies of Minnesota, Inc. and Maust Asset Management, LLC

10.51 (20)	--	Lease - Motor Vehicle agreement dated October 16, 2006 between GreenMan Technologies of Minnesota, Inc. and Maust Asset Management, LLC
10.52 (17)		Release agreement dated November 30, 2006 between Robert H. Davis and GreenMan
21.1 (20)	--	List of All Subsidiaries
31.1 (20)	--	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a)
31.2 (20)	--	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a)
32.1 (20)	--	Certification of Chief Executive Officer under 18 U.S.C. Section 1350
32.2 (20)	--	Certification of Chief Financial Officer under 18 U.S.C. Section 1350

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(1) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 8-K dated February 17, 2006 and filed March 6, 2006, and incorporated herein by reference.

(2) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-QSB for the Quarter Ended June 30, 2005 and incorporated herein by reference.

(3) Filed as an Exhibit to GreenMan Technologies, Inc.'s Registration Statement on Form SB-2 No. 33-86138 and incorporated herein by reference.

(4) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-QSB for the Quarter Ended June 30, 2006 and incorporated herein by reference.

(5) Filed as an Exhibit to GreenMan Technologies, Inc.'s Registration Statement on Form SB-2 (File No. 333-117819), and incorporated herein by reference.

(6) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 8-K dated March 22, 2005 and filed March 28, 2005, and incorporated herein by reference.

(7) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-KSB for the fiscal year ended September 30, 2005 and incorporated herein by reference.

(8) Filed as an Exhibit to GreenMan Technologies, Inc.'s definitive proxy statement dated May 19, 2005 with respect to the Annual meeting held on June 16, 2005, and incorporated herein by reference.

(9) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-KSB for the Fiscal Year Ended September 30, 2003 and incorporated herein by reference.

(10) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 8-K dated April 12, 2006 and filed April 17, 2006, and incorporated herein by reference.

(11) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-QSB for the Quarter Ended December 31, 2000 and incorporated herein by reference.

(12) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-KSB for the Fiscal Year Ended September 30, 2001 and incorporated herein by reference.

(13) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-QSB for the Quarter Ended March 31, 2004 and incorporated herein by reference.

(14) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-QSB/A for the Quarter Ended March 31, 2006 and incorporated herein by reference.

(15) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-QSB for the Quarter Ended June 30, 2001 and incorporated herein by reference.

(16) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-QSB for the Quarter Ended June 30, 2002 and incorporated herein by reference.

(17) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-KSB for the Fiscal Year Ended September 30, 2006 and incorporated herein by reference.

(18) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-QSB for the Quarter Ended June 30, 2007 and incorporated herein by reference.

(19) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 8-K dated October 1, 2007 and filed October 5, 2007, and incorporated herein by reference.

(20) Filed herewith.

(b) Reports on Form 8-K.

None

Item 14. Principal Accountant Fees and Services

In February 2007 we selected the firm of Schechter, Dokken, Kanter, Andrews & Selcer, Ltd. ("SDKAS")as our independent auditors for the fiscal year ending September 30, 2007 and they commenced providing services in conjunction with the quarter ended March 31, 2007. Our former auditors, Wolf and Company, P.C. only provided services in conjunction with the quarter ended December 31, 2006.

In addition to audit services, SDKAS also provided certain non-audit services to us during the fiscal year ended September 30, 2007. The Audit Committee has considered whether the provision of these additional services is compatible with maintaining the independence of SDKAS. Audit Fees. The aggregate fees billed for professional services rendered by SDKAS for (1) the audit of our financial statements as of and for the fiscal year ended September 30, 2007 and (2) the review of the financial statements included our company's Form 10-QSB filings for fiscal 2007 were $120,712. The aggregate fees billed for professional services rendered by Wolf & Company, P.C. for the review of the financial statements included our company's Form 10-QSB filings for fiscal 2007 were $25,050. The aggregate fees billed for professional services rendered by Wolf & Company, P.C. for (1) the audit of our financial statements as of and for the fiscal year ended September 30, 2006 and (2) the review of the financial statements included in our Form 10-QSB filings for fiscal 2006 were $204,820.

Audit-Related Fees. The aggregate fees billed in fiscal 2007 for assurance and related services rendered by SDKAS that are reasonably related to the performance of the audit or review of our financial statements, was $10,828.

Services rendered in this category consisted of (i) financial accounting and reporting consultations, and (ii) participation in board and audit committee meetings and (iii) assurance services on specific transactions. The aggregate fees billed in fiscal 2007 and 2006 for assurance and related services rendered by Wolf & Company, P.C. that are reasonably related to the performance of the audit or review of our financial statements, were $0 and $4,300, respectively. Services rendered in this category consisted of (i) financial accounting and reporting consultations, and (ii) participation in board and audit committee meetings and (iii) assurance services on specific transactions. Tax Fees. The aggregate fees billed in fiscal 2007 and 2006 for professional services rendered by Wolf & Company, P.C. for tax compliance, tax advice and tax planning were $30,300 and $26,975, respectively.

All Other Fees. The aggregate other fees billed during fiscal 2007and 2006 by SDKAS for the audit of our Company sponsored benefit plan was $11,500 and $10,500, respectively. During fiscal 2007 and 2006, the aggregate fees billed by Wolf & Company for products and services provided other than services reported above was $5,750 and $0, respectively.

Pre-Approval Policies and Procedures. The Audit Committee has adopted policies which provide that our independent auditors may only provide those audit and non-audit services that have been pre-approved by the Audit Committee, subject, with respect to non-audit services, to a de minimis exception (discussed below) and to the following additional requirements: (1) such services must not be prohibited under applicable federal securities rules and regulations, and (2) the Audit Committee must make a determination that such services would be consistent with the principles that the independent auditor should not audit its own work, function as part of management, act as an advocate of our company, or be a promoter of our company's stock or other financial interests. The chairman of the Audit Committee has the authority to grant pre-approvals of permitted non-audit services between meetings, provided that any such pre-approval must be presented to the full Audit Committee at its next scheduled meeting.

During fiscal 2007, all of the non-audit services provided by SDKAS were pre-approved by the Audit Committee. Accordingly, the Audit Committee did not rely on the de minimis exception noted above. This exception waives the pre-approval requirements for non-audit services if certain conditions are satisfied, including, among others, that such services are promptly brought to the attention of and approved by the Audit Committee prior to the completion of the audit.

GreenMan Technologies, Inc.
Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
GreenMan Technologies, Inc.
Savage, Minnesota

We have audited the accompanying consolidated balance sheet of GreenMan Technologies, Inc. and subsidiaries as of September 30, 2007 and the related consolidated statements of operations, changes in stockholders' deficit and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit 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 audit 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GreenMan Technologies, Inc. and subsidiaries as of September 30, 2007 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, effective October 1, 2006, GreenMan adopted Statement of Financial Accounting Standards No. 123R, "Share-Based Payment", using the modified prospective method.

/S/ SCHECHTER DOKKEN KANTER ANDREWS & SELCER, LTD.

SCHECHTER DOKKEN KANTER ANDREWS & SELCER, LTD.

Minneapolis, Minnesota
December 31, 2007

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

GreenMan Technologies, Inc.
Savage, Minnesota

We have audited the accompanying consolidated balance sheet of GreenMan Technologies, Inc. and subsidiaries as of September 30, 2006 and the related consolidated statements of operations, changes in stockholders' deficit and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GreenMan Technologies, Inc. and subsidiaries as of September 30, 2006 and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/S/ WOLF & COMPANY, P.C.

WOLF & COMPANY, P.C.

Boston, Massachusetts
December 12, 2006.

GreenMan Technologies, Inc.
Consolidated Balance Sheets

	September 30, 2007	September 30, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	$ 376,764	$ 639,014
Accounts receivable, trade, less allowance for doubtful accounts of $268,867 and $185,206 as of September 30, 2007 and September 30, 2006	2,462,358	2,056,928
Product inventory	157,094	113,336
Other current assets	764,046	653,423
Assets related to discontinued operations	--	7,291
Total current assets	3,760,262	3,469,992
Property, plant and equipment, net	5,218,706	5,807,119

Other assets:		
Customer relationship intangibles, net	72,485	85,434
Other	239,750	146,982
Total other assets	312,235	232,416
	$ 9,291,203	$ 9,509,527

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:		
Notes payable, current	$ 1,072,117	$ 493,572
Notes payable, related party, current	--	30,000
Accounts payable	1,320,320	1,786,130
Accrued expenses, other	1,579,725	1,549,071
Obligations under capital leases, current	185,127	185,940
Obligations due under lease settlement, current	68,518	--
Deferred gain on sale leaseback transaction, current	36,445	36,445
Liabilities related to discontinued operations	3,018,503	3,414,834
Total current liabilities	7,280,755	7,495,992
Notes payable, non-current portion	10,272,574	10,339,590
Notes payable, related parties, non-current portion	534,320	534,320
Obligations under capital leases, non-current portion	1,272,527	1,615,692
Deferred gain on sale leaseback transaction, non-current portion	270,298	306,740
Obligations due under lease settlement, non-current portion	580,540	630,000
Total liabilities	20,211,014	20,922,334
Stockholders' deficit:		
Preferred stock, $1.00 par value, 1,000,000 shares authorized, none outstanding	--	--
Common stock, $.01 par value, 40,000,000 shares authorized, 22,880,435 shares and 21,408,966 shares issued and outstanding at September 30, 2007 and September 30, 2006	228,804	214,089
Additional paid-in capital	35,995,473	35,811,086
Accumulated deficit	(47,144,088)	(47,437,982
Total stockholders' deficit	(10,919,811)	(11,412,807
	$ 9,291,203	$ 9,509,527

See accompanying notes to consolidated financial statements.

GreenMan Technologies, Inc.
Consolidated Statements of Operations

	Years Ended September 30, 2007	2006

Net sales	$ 20,178,726	$ 17,607,812
Cost of sales	14,222,158	12,953,753
Gross profit	5,956,568	4,654,059
Operating expenses:		
Selling, general and administrative	3,841,029	3,549,803
Operating income from continuing operations	2,115,539	1,104,256
Other income (expense):		
Interest and financing expense	(2,006,299)	(2,312,071)
Non-cash interest and financing costs	--	(1,273,014)
Other, net	3,257	301,188
Other (expense), net	(2,003,042)	(3,283,897)
Income (loss) from continuing operations before income taxes	112,497	(2,179,641)
Provision for income taxes	(115,799)	(65,337)
Loss from continuing operations	(3,302)	(2,244,978)
Discontinued operations:		
Gain (loss) from discontinued operations	297,196	(1,460,981)
	297,196	(1,460,981)
Net income (loss)	$ 293,894	$ (3,705,959)
Income (loss) from continuing operations per share-basic	$ --	$ (0.11)
Income (loss) from discontinued operations per share-basic	0.01	(0.08)
Net income (loss) per share - basic	$ 0.01	$ (0.19)
Net income (loss) per share - diluted	$ 0.01	$ (0.19)
Weighted average shares outstanding - basic	21,766,013	19,810,585
Weighted average shares outstanding - diluted	26,456,570	19,810,585

See accompanying notes to consolidated financial statements.

GreenMan Technologies, Inc.
Consolidated Statements of Changes in Stockholders' Deficit
Years Ended September 30, 2007 and 2006

	Common Stock Shares	Common Stock Amount	Paid In Capital
Balance, September 30, 2005	19,225,352	$ 192,253	$ 34,853,5
Sale of common stock	550,000	5,500	149,5
Net value of warrants issued in conjunction with debt			

restructuring	--	--	344,1
Common stock issued upon conversion of interest and principal	1,268,589	12,686	355,4
Common stock issued for fees and expenses due	231,695	2,317	79,7
Common stock issued for services rendered	133,330	1,333	28,6
Net loss for the year ended September 30, 2006	--	--	
Balance, September 30, 2006	21,408,966	$ 214,089	$ 35,811,0
Common stock issued for fees and expenses due	84,838	849	29,9
Common stock issued for services rendered	67,533	675	22,5
Common stock issued in connection with lease settlement	65,000	650	31,8
Value of options issued for services rendered	--	--	11,0
Common stock issued on exercise of warrants using cashless exercise option	1,154,098	11,541	(11,5
Compensation expense associated with stock options	--	--	66,4
Sale of common stock	100,000	1,000	34,0
Net income for year ended September 30, 2007	--	--	
Balance, September 30, 2007	22,880,435	$ 228,804	$ 35,995,4

See accompanying notes to consolidated financial statements

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GreenMan Technologies, Inc.
Consolidated Statements of Cash Flows

	Years Ended September 30, 2007	2006
Cash flows from operating activities:		
Net income (loss)	$ 293,894	$ (3,705,959)
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on disposal of property, plant and equipment	6,697	264,543
Gain recognized on debt restructuring	--	(353,476)
Depreciation	1,267,501	1,522,880
Lease settlement and adjustments	(260,456)	--
Amortization of non-cash financing costs	--	1,272,874
Amortization of deferred interest expense	566,508	--
Amortization of customer relationships	12,949	12,837
Amortization of stock option expense	66,487	--
Gain on sale leaseback	(36,442)	(36,445)
Value of warrants issued	7,320	--
Common stock issued for fees, incentives and expenses	84,920	--
Shares issued for lease settlement	32,500	--
Decrease (increase) in assets:		
Accounts receivable	(405,430)	1,590,857
Product inventory	(43,758)	(23,523)
Other current assets	(95,457)	145,847
Other assets	(41,200)	(84,622)
Increase (decrease) in liabilities:		
Accounts payable	(538,162)	(289,603)
Accrued expenses	170,062	56,712

Net cash provided by operating activities	1,087,933	372,922
Cash flows from investing activities:		
Purchase of property and equipment	(941,075)	(1,424,212)
Proceeds on sale of property and equipment	7,250	116,000
Proceeds from equipment held for sale	--	444,332
Net cash used for investing activities	(933,825)	(863,880)
Cash flows from financing activities:		
Net advances under line of credit	--	(619,950)
Proceeds from notes payable	596,432	11,692,579
Proceeds from notes payable, related parties	--	155,000
Repayment of notes payable	(782,539)	(3,713,644)
Repayment of notes payable, related parties	(30,000)	--
Repayment of convertible notes payable	--	(3,108,257)
Net (payments) advances on convertible notes payable, line of credit, net	--	(3,585,281)
Principal payments on obligations under capital leases		