GREENMAN TECHNOLOGIES INC
Form 10QSB
May 14, 2003

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

Form 10-QSB

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

For Quarter Ended March 31, 2003 Commission File Number 1-13776

GreenMan Technologies, Inc.
(Exact name of small business issuer as specified in its charter)

Delaware	71-0724248
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
7 Kimball Lane, Building A, Lynnfield, MA	01940
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number, including area code (781) 224-2411

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

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes |X| No |_|

Number of shares outstanding as of May 15, 2003
Common Stock, $.01 par value, 15,795,054 shares

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* The financial information at September 30, 2002 has been taken from audited financial statements at that date and should be read in conjunction therewith. All other financial statements are unaudited.

GreenMan Technologies, Inc.
Unaudited Condensed Consolidated Balance Sheets

	March 31, 2003	September 2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 596,855	$ 780,
Accounts receivable, trade, less allowance for doubtful accounts of $82,175 and $196,920 as of March 31, 2003 and September 30, 2002	2,738,527	4,072,
Equipment held for sale	213,333	213,
Product inventory	593,317	133,
Other current assets	1,082,594	1,151,
Total current assets	5,224,626	6,351,
Property, plant and equipment, net	11,402,844	10,845,
Other assets:		
Deferred loan costs	266,863	313,

Goodwill, net	3,413,894	3,413,
Customer relationship intangibles, net	241,175	247,
Note receivable	--	200,
Other	720,089	581,
Total other assets	4,642,021	4,756,
	$ 21,269,491	$ 21,953,

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Notes payable, current	$ 2,716,975	$ 2,743,
Accounts payable	2,941,749	2,576,
Accrued expenses	1,406,436	1,184,
Obligations under capital leases, current	420,693	345,
Total current liabilities	7,485,853	6,849,
Notes payable, related party	575,000	575,
Notes payable, non-current portion	6,964,019	6,789,
Obligations under capital leases, non-current portion	2,097,642	2,176,
Total liabilities	17,122,514	16,390,
Stockholders' equity:		
Preferred stock, $1.00 par value, 1,000,000 shares authorized, none outstanding	--	
Common stock, $.01 par value, 30,000,000 shares authorized at March 31, 2003 and 20,000,000 authorized at September 30, 2002: 15,736,840 and 15,654,665 shares issued and outstanding at March 31, 2003 and September 30, 2002	157,369	156,
Additional paid-in capital	28,593,088	28,473,
Accumulated deficit	(24,558,480)	(23,022,
Notes receivable, common stock	(45,000)	(45,
Total stockholders' equity	4,146,977	5,563,
	$ 21,269,491	$ 21,953,

See accompanying notes to unaudited condensed consolidated financial statements

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GreenMan Technologies, Inc.
Unaudited Condensed Consolidated Statements of Operations

	Three Months Ended		Six Mon
	March 31, 2003	March 31, 2002	March 31, 2003
Net sales	$ 6,148,434	$ 5,560,649	$ 14,111,891
Cost of sales	5,550,652	4,217,149	12,130,836

Gross profit	597,782	1,343,500	1,981,055
Operating expenses:			
Selling, general and administrative	1,452,218	925,324	2,831,533
Operating profit (loss)	(854,436)	418,176	(850,478
Other income (expense):			
Interest and financing costs	(334,748)	(294,983)	(704,701
Forgiveness of indebtedness	--	60,811	--
Other, net	8,405	25,014	19,379
Other income (expense), net	(326,343)	(209,158)	(685,322
Net income (loss) before income taxes	(1,180,779)	209,018	(1,535,800
Income tax provision (benefit)	--	(5,000)	550
Net income (loss)	$ (1,180,779)	$ 214,018	$ (1,536,350
Net income (loss) per share - basic	$ (0.08)	$ 0.02	$ (0.10
Net income (loss) per share - diluted	$ (0.08)	$ 0.01	$ (0.10
Weighted average shares outstanding - basic	15,705,360	13,993,701	15,690,522
Weighted average shares outstanding - diluted	15,705,360	14,676,905	15,690,522

See accompanying notes to unaudited condensed consolidated financial statements.

GreenMan Technologies, Inc.
Unaudited Condensed Consolidated Statement of Changes in Stockholders' Equity
Six Months Ended March 31, 2003

	Common Stock		Additional	
	Shares	Amount	Paid-in Capital	Accumula Defici
Balance, September 30, 2002	15,654,665	$ 156,547	$ 28,473,710	$ (23,02
Common stock issued upon exercise of stock options	12,000	120	10,080	
Sale of common stock	70,175	702	109,298	
Net loss for the six months ended March 31, 2003	--	--	--	(1,53

Balance, March 31, 2003	15,736,840	$ 157,369	$ 28,593,088	$ (24,55
	==========	==========	=============	=========

See accompanying notes to unaudited condensed consolidated financial statements.

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GreenMan Technologies, Inc.
Unaudited Condensed Consolidated Statements of Cash Flow

	Six Months Ended March 31, 2003	2002
Cash flows from operating activities:		
Net income (loss)	$(1,536,350)	$ 460,
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	1,117,065	831,
Loss on disposal of property, plant and equipment	4,333	
Amortization	62,702	42,
Forgiveness of indebtedness	--	(60,
Decrease (increase) in operating assets:		
Accounts receivable	1,334,008	892,
Product inventory	(459,787)	
Other current assets	69,329	(179,
(Decrease) increase in operating liabilities:		
Accounts payable	365,102	(762,
Other current liabilities	222,175	8,
Net cash provided by operating activities	1,178,577	1,234,
Cash flows from investing activities:		
Purchase of property and equipment	(1,498,529)	(1,240,
Decrease (increase) in other assets	57,386	(245,
Net cash used for investing activities	(1,441,143)	(1,486,
Cash flows from financing activities:		
Deferred financing costs	(6,020)	
Net advances under line of credit	(188,893)	(1,
Repayment of notes payable	(859,219)	(537,
Proceeds from notes payable	1,195,987	314,
Principal payments on obligations under capital leases	(183,131)	(141,
Cash received upon exercise of stock options	10,200	46,
Net proceeds on sale of common stock	110,000	1,050,
Net cash provided by financing activities	78,924	730,
Net increase (decrease) in cash	(183,642)	479,
Cash and cash equivalents at beginning of period	780,497	428,
Cash and cash equivalents at end of period	$ 596,855	$ 907,
Supplemental cash flow information:		
Machinery and equipment acquired under capital leases	$ 180,376	$ 528,

Interest paid	715,184	524,
Note payable issued in connection with Preferred stock repurchase	--	1,500,
Common stock issued in connection with acquisitions	--	8,
Taxes paid	550	

See accompanying notes to unaudited condensed consolidated financial statements

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GreenMan Technologies, Inc.
Notes To Unaudited Condensed Consolidated Financial Statements
March 31, 2003

1. Business

GreenMan Technologies, Inc. ("GreenMan" or the "Company") was founded in 1992 and today comprises six operating locations that collect, process and market scrap tires in whole, shredded or granular form. We are headquartered in Lynnfield, Massachusetts and currently operate size reduction operations in California, Georgia, Iowa, Minnesota and Wisconsin and operate under exclusive agreements to supply whole tires to cement kilns located in Florida, Georgia, Illinois, Missouri, Tennessee and Texas.

In February 2003, GreenMan announced its intent to open a new high-volume tire processing facility southeast of Nashville in LaVergne, Tennessee. GreenMan will operate the facility under a new wholly-owned subsidiary, GreenMan Technologies of Tennessee, Inc. Management estimates the LaVergne facility will commence initial operations during May 2003 when the necessary processing equipment has been installed.

In February 2003, management decided to reconfigure the operations of GreenMan Technologies of Wisconsin from a low-volume size reduction facility to a whole tire transfer station supplying compliant tires to a certain cement kiln. The decision was made because the cement kiln has been and is anticipated to continue consuming a majority of the scrap tires collected by GreenMan Technologies of Wisconsin. Management intends to utilize the available Wisconsin size reduction equipment at other GreenMan locations.

2. Basis of Presentation

The consolidated financial statements include the results of operations of GreenMan Technologies, Inc. and its wholly-owned and majority-owned subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

The financial statements are unaudited and should be read in conjunction with the financial statements and notes thereto for the year ended September 30, 2002 included in GreenMan's Annual Report on Form 10-KSB. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the Securities and Exchange Commission rules and regulations, although management believes the disclosures which have been made are adequate to make the information presented not misleading. The results of operations for the periods reported are not necessarily indicative of those that may be expected for a full year. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) which are necessary for a fair statement of operating results for the interim periods presented have been made.

3. Net Income (Loss) Per Share

Basic earnings per share represents income available to common stockholders divided by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects additional common shares that would have been outstanding if potential dilutive common shares had been issued, as well as any adjustment to income that would result from the assumed conversion. Potential common shares that may be issued by GreenMan relate to outstanding stock options and warrants (determined using the treasury stock method), preferred stock and convertible debt. Basic and diluted net loss per share are the same for the six months ended March 31, 2003, since the effect of the inclusion of all outstanding options and warrants would be anti-dilutive. The assumed conversion of outstanding dilutive stock options, warrants and preferred stock for the six months ended March 31, 2003 would increase the shares outstanding but would not require an adjustment to income as a result of the conversion.

GreenMan Technologies, Inc.
Notes To Unaudited Condensed Consolidated Financial Statements
March 31, 2003

3. Net Income (Loss) Per Share - (Continued)

Net loss per common share has been computed based on the following for the three and six months ended March 31, 2002:

	Three Months Ended March 31, 2002	Six Months Ended March 31, 2002
Net income applicable to common stock	$ 214,018	$ 460,860
Average number of common shares outstanding	13,993,701	13,817,048
Effect of dilutive options	683,204	261,442
Average number of common shares outstanding used to calculate diluted net income per share ...	14,676,905	14,078,490

4. New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting 141, "Business Combinations" and Standard (SFAS) No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141 applies to all business combinations with a closing date after June 30, 2001 and eliminates the pooling-of-interests method of accounting and further clarifies the criteria for recognition of intangible assets separately from goodwill. SFAS No. 142 eliminates the amortization of goodwill and indefinite-lived intangible assets and initiates an annual review for impairment. Identifiable intangible assets with a determinable useful life will continue to be amortized. GreenMan adopted SFAS No. 142 effective October 1, 2001, which required GreenMan to cease amortization of its remaining net goodwill balance and to perform an impairment test of its existing goodwill based on a fair value concept. As of March 31, 2003 and September 30, 2002, GreenMan has net unamortized goodwill of $3,413,894.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". This statement establishes standards for accounting for obligations associated with the retirement of tangible long-lived assets, and is effective for fiscal years beginning after June 15, 2002.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". This statement addresses financial accounting and reporting for the impairment and disposal of long-lived assets, and is effective for fiscal years beginning after December 15, 2001.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". SFAS No. 146 requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. SFAS No. 146 will be applied prospectively to any exit or disposal activities initiated after December 31, 2002. GreenMan has adopted SFAS No. 143 and SFAS No. 144 in the first quarter of fiscal 2003, such adoption did not impact its financial position and results of operations. GreenMan does not expect the future adoption of SFAS No. 146 to impact its financial position and results of operations.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure", amending the disclosure requirements for stock-based compensation. This statement requires prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reporting results.

GreenMan Technologies, Inc.
Notes To Unaudited Condensed Consolidated Financial Statements
March 31, 2003

5. Stock Options

The Company accounts for its stock-based employee compensation under the recognition and measurement principles of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations. No stock-based employee compensation cost is reflected in the results of operations, as all options granted under those plans had an exercise price greater than or equal to the market value of the underlying common stock on the date of the grant. Fair values of stock options are determined using the Black-Scholes option pricing model. The following table illustrates the effect on net income and earnings per share had the Company applied the fair value recognition provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation, to stock-based employee compensation:

	Three Months Ended		Six Months En	
	March 31, 2003	March 31, 2002	March 31, 2003	M
Net income (loss) as reported	$ (1,180,779)	$ 214,018	$ (1,536,350)	$
Less: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(11,941)	(5,696)	(19,862)	
Pro forma net income (loss)	$ (1,192,720)	$ 208,322	$ (1,556,212)	$

Earnings per share:				
Basic - as reported	$ (0.08)	$ 0.02	$ (0.10)	$
Basic - pro forma	$ (0.08)	$ 0.01	$ (0.10)	$
Diluted - as reported	$ (0.08)	$ 0.01	$ (0.10)	$
Diluted - pro forma	$ (0.08)	$ 0.01	$ (0.10)	$

6. Property, Plant and Equipment

Property, plant and equipment consists of the following:

	March 31, 2003	September 30, 2002	Estimated Useful Lives
Land	$ 336,365	$ 336,365	
Buildings	2,403,373	2,245,891	10-20 years
Machinery and equipment	8,970,593	7,875,139	5-10 years
Furniture and fixtures	277,878	169,721	3-5 years
Motor vehicles	5,531,832	5,410,434	3-10 years
Construction in progress	968,618	848,515	
	18,488,659	16,886,065	
Less accumulated depreciation and amortization	(7,085,815)	(6,040,728)	
Property, plant and equipment, net ...	$ 11,402,844	$ 10,845,337	

On March 31, 2003, a portion of GreenMan Technologies of Georgia's facility and several pieces of equipment were damaged by a fire. The Company believes that the damage will be adequately covered by insurance and is still assessing the full extent of the damage and developing plans for replacing equipment and reestablishing its waste wire processing capabilities at this location.

On April 28, 2003, GreenMan was notified that the Company's property insurance policy, which expires on June 21, 3003, will not be renewed by its current carrier. GreenMan is currently evaluating several alternatives. Although GreenMan currently believes that it will be able to obtain property coverage prior to the expiration of its existing coverage, no assurances can be given that such new coverage will be secured in the near future, on terms favorable to the Company, or at all.

7. Credit Facility

On February 7, 2003, Southern Pacific Bank ("SPB") and its wholly owned subsidiary Coast Business Credit ("CBC") were closed by the Commissioner of Financial Institutions of the State of California. The Federal Deposit Insurance

Corporation ("FDIC") was appointed receiver of SPB and its subsidiaries. Prior to its closure, CBC had been GreenMan's principal source of working capital financing and long term debt. GreenMan is in compliance with all covenants and other terms of its financing agreement with CBC.

On February 13, 2003, the FDIC notified GreenMan that its existing line of credit will remain available for a minimum of six months under existing terms and conditions, and that, subject to continued compliance with all financing covenants, GreenMan would be permitted to draw an additional $300,000 under the line of credit in addition to amounts currently outstanding. GreenMan believes that the liquidity available under the line of credit will be sufficient to fund its operations over this period, but recognizes that it must refinance its CBC obligations in the near future. GreenMan is currently evaluating several refinancing alternatives. Although GreenMan currently believes that it will be able to refinance all of its CBC obligations within the period permitted by the FDIC, no assurances can be given that such refinancing will be concluded in the near future, on terms favorable to the Company, or at all. As of March 31, 2003, the unamortized balance of deferred financing charges relating to this obligation was $219,975.

8. Segment Information

GreenMan operates in one business segment, the collecting, shredding and marketing of scrap tires to be used as feedstock for tire derived fuel (TDF), civil engineering projects and/or for further processing into crumb rubber.

9. Stockholders' Equity

Increase in Authorized Shares of Common Stock

On February 20, 2003, the stockholders of the Company approved an amendment to the Company's Certificate of Incorporation to increase the number of authorized shares of common stock from 20,000,000 to 30,000,000.

Common Stock Transactions

In February 2002, GreenMan commenced a private offering of unregistered common stock in an effort to raise up to $2,000,000 in gross proceeds (subsequently increased to $3,000,000 in August 2002). As of March 31, 2003, the Company has sold 1,400,518 shares of unregistered common stock to investors, including existing shareholders, for gross proceeds of $2,063,633. The investors have been granted limited registration rights to cause the Company to register the common stock for resale in the event that GreenMan registers shares of common stock for its own account. The investors have agreed not to sell or transfer the shares for a period of at least 18 months after issuance.

In December 2002, 12,000 qualified options to purchase unregistered shares of common stock were exercised at $.85 per share.

10. Subsequent Events

Due to the uncertain impact of certain pending Oklahoma scrap tire legislation, management determined that it was in the Company's best interest to divest its interest in Able Tire of Oklahoma, LLC a joint venture formed in January 2002. Therefore, on April 1, 2003 GreenMan sold its majority interest in Able Tire of Oklahoma, LLC, to the minority member for $50,000. In connection with the sale, GreenMan sold certain processing equipment previously leased to the joint venture to the minority member for $200,000 in the form of a sixty day note receivable. The Company incurred a loss of approximately $30,000 with these transactions.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following information should be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included in Item 1 of the Quarterly Report, and the audited consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in GreenMan's Form 10-KSB filed for the year ended September 30, 2002.

Results of Operations

Three Months ended March 31, 2003 Compared to the Three Months ended March 31, 2002

Net sales for the three months ended March 31, 2003 increased 11% or $587,785 to $6,148,434 as compared to $5,560,649 for the three months ended March 31, 2002. The increase was primarily attributable to the inclusion of the operations of two new subsidiaries formed in connection with fiscal 2002 acquisitions and the majority owned joint venture formed in fiscal 2002 and, to a lesser extent, to increased end product sales which accounted for 23% of consolidated revenues for the three months ended March 31, 2003 as compared to 14% for the same period last year. GreenMan processed 6.0 million passenger tire equivalents during the three months ended March 31, 2003, as compared to 5.4 million passenger tire equivalents for the three months ended March 31, 2002. The overall quality of revenue (revenue per passenger tire equivalent) improved slightly due to improved end product sales which offset a 12% reduction in tipping fees and lower tire volumes in certain markets in response to current economic conditions, world events and the completion of several large on-going tire pile cleanups during the summer of 2002. In addition, adverse weather in the mid-west slowed incoming tire volumes and material flow and delayed shipments of over one million pounds of crumb rubber into the third quarter as job sites were not able to accept the material.

Gross profit for the three months ended March 31, 2003 was $597,782 or 10% of net sales as compared to $1,343,500 or 24% of net sales for the three months ended March 31, 2002. This reduction was attributable to: (1) the completion of several tire pile cleanups during fiscal 2002 which have historically provided additional tire volumes and profitability during this seasonally slower quarter; (2) previously reported corporate-wide insurance cost increases of more than $135,000 per quarter as well as increased fuel, transportation costs and repair and maintenance costs; (3) $126,000 of increased raw material costs incurred by GreenMan Technologies of Iowa resulting from the need to supplement crumb rubber feedstock requirements externally during this period of seasonally lower inbound volumes; (4) more than $120,000 of excessive transportation costs necessitated by processing Tennessee-sourced tires at GreenMan Technologies of Georgia until the previously announced Nashville facility commences operation; (5) more than $75,000 in lost profitability due to boiler problems experienced at two large TDF customers and (6) approximately $45,000 of operating inefficiencies associated with the transition of GreenMan Technologies of Wisconsin to a whole tire transfer station which is anticipated to be completed during the fourth quarter;

Selling, general and administrative expenses for the quarter ended March 31, 2003 were $1,452,218 or 24% of net sales as compared to $925,324 or 17% of net sales for the three months ended March 31, 2002. The increase is primarily attributable to the inclusion of the operations of the two new subsidiaries and joint venture formed in fiscal 2002. In addition, the results for the quarter ended March 31, 2003 include approximately $80,000 associated with the initial startup activities associated with the recently announced Tennessee operation.

GreenMan incurred an operating loss of $854,436 for the three months ended March 31, 2003 as compared to an operating profit of $418,176 or 8% of net sales for the same period in 2002.

Interest and financing expenses increased approximately $40,000 during the quarter ended March 31, 2003 as a result of increased borrowings associated with fiscal 2002 acquisitions and recent equipment upgrades.

GreenMan's net loss for the quarter ended March 31, 2003 was $1,180,779, or $.08 per share as compared to net income of $214,018, or $.02 per share for the quarter ended March 31, 2002.

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Six Months ended March 31, 2003 Compared to the Six Months ended March 31, 2002

Net sales for the six months ended March 31, 2003 increased 19% or $2,242,468 to $14,111,891 as compared to $11,869,423 for the six months ended March 31, 2002. The increase was primarily attributable to the inclusion of the operations of three new subsidiaries formed in connection with fiscal 2002 acquisitions and the majority owned joint venture formed in fiscal 2002 and, to a lesser extent, to increased end product sales which accounted for 20% of consolidated revenues for the six months ended March 31, 2003 as compared to 13% for the same period last year. GreenMan processed 14 million passenger tire equivalents during the six months ended March 31, 2003, as compared to 11.2 million passenger tire equivalents for the six months ended March 31, 2002. The overall quality of revenue (revenue per passenger tire equivalent) benefited from increased end product sales but decreased 4% overall as a result of a 14% reduction in tipping fees and lower tire volumes in certain markets in response to current economic conditions, world events, and the completion of several large on-going tire pile cleanups during the summer of 2002. In addition, adverse weather in the mid-west slowed incoming tire volumes and material flow and delayed shipments of over one million pounds of crumb rubber into the third quarter as job sites were not able to accept the material.

Gross profit for the six months ended March 31, 2003 was $1,981,055 or 14% of net sales as compared to $2,786,054 or 23% of net sales for the six months ended March 31, 2002. This reduction was attributable to: (1) previously reported corporate-wide insurance cost increases of more than $135,000 per quarter as well as increased fuel, transportation costs and repair and maintenance costs; (2) $261,000 of increased raw material costs incurred by GreenMan Technologies of Iowa resulting from the need to supplement crumb rubber feedstock requirements externally during this period of seasonally lower inbound volumes; (3) more than $240,000 of excessive transportation costs necessitated by processing Tennessee sourced tires at GreenMan Technologies of Georgia until the Nashville facility commences operation; (4) the completion of several tire pile cleanups during fiscal 2002; (5) approximately $150,000 relating to costs specifically associated with operational disruptions and increased transportation costs due to a complete shredding equipment upgrade at GreenMan of Iowa which was completed in February 2003; (6) over $75,000 in lost profitability due to boiler problems experienced at two large TDF customers and (7) approximately $105,000 relating to operating and startup losses associated with a new kiln relationship, which was terminated December 31, 2002 and the commercialization of our roofing shingle project.

Selling, general and administrative expenses for the six months ended March 31, 2003 were $2,831,533 or 20% of sales as compared to $1,854,071 or 16% of sales for the six months ended March 31, 2002. The results for the six months ended March 31, 2003, include the operations of three new subsidiaries formed in connection with fiscal 2002 acquisitions and the majority owned joint venture formed in fiscal 2002. In addition, the March 31, 2003 results include approximately $55,000 of costs relating to GreenMan's specialty waste initiatives, which have been curtailed at this point and approximately $115,000 associated with the initial startup activities associated with the recently announced Tennessee operation.

GreenMan reported an operating loss of $850,478 for the six months ended March 31, 2003 as compared to an operating profit of $931,983 for the six months ended March 31, 2002.

GreenMan reported a net loss of $1,536,350 or $.10 per basic share for the six months ended March 31, 2003 as compared to net income of $460,860 or $.03 per basic share for the six months ended March 31, 2002.

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Liquidity and Capital Resources

As of March 31, 2003, the Company had $596,855 in cash and cash equivalents and a working capital deficiency of $2,261,227. Management understands that the continued, successful sales and marketing of the Company's services and products, the introduction of new products and re-establishing continued profitability from operations will be critical to the Company's future liquidity.

During the past four years, GreenMan has divested and/or closed under performing non-core operations and eliminated the use of non-conventional financing methods that had contributed over $18.7 million of GreenMan's cumulative losses. As a result of these divestitures and by implementing a very focused business plan and adding businesses, relationships and product lines that complement our core business of scrap tire management, GreenMan has been profitable during the past two fiscal years. However, GreenMan believes that it will be necessary to raise additional financing to fund continued growth.

In order to better position GreenMan for the future, management has implemented the following actions:

Operating Performance Enhancements

Historically, GreenMan's tire shredding operations were able to recover and sell approximately 65% of a processed tire with the balance disposed of as waste wire residual (cross-contaminated rubber and steel) at an annual cost in excess of $1,000,000. During the past two fiscal years, we have installed equipment at our Georgia, Wisconsin and Iowa facilities to further process the waste wire residual into saleable components of rubber and steel to provide new sources of revenue and reduce disposal costs. Following a February 2003 decision to reconfigure GreenMan Technologies of Wisconsin operations, waste wire processing equipment in Wisconsin was taken off line in March 2003 with the intention of moving it to GreenMan's Minnesota operation. GreenMan Technologies of Georgia's waste wire processing equipment was damaged in the March 2003 fire however, and therefore we anticipate increased disposal costs and reduced product revenue in Georgia until the equipment is repaired (which is currently estimated to be complete by August 2003). Management intends to seek reimbursement for these extra costs and forgone profits through its business interruption insurance. Management delayed the relocation of the Wisconsin waste wire processing equipment to Minnesota as originally planned in order to evaluate whether to temporarily deploy it instead in Georgia to temporarily replace the damaged equipment; however in May 2003, management identified several alternative methods which they believe will satisfy the needs of its Georgia customer base on an interim basis and have therefore initiated the relocation of the Wisconsin equipment to Minnesota.

During the fourth quarter of fiscal 2002, GreenMan initiated a $1.5 million equipment upgrade to its Des Moines, Iowa tire processing facility. We completely replaced all tire shredders with more efficient, higher volume equipment and installed a waste wire processing equipment line which will reduce waste wire disposal costs while increasing our capacity to produce over 20 million pounds of rubber feedstock per year for our crumb rubber operations. The internalization of crumb rubber feedstock supply and production via our new processing equipment will eliminate over $250,000 in estimated annual transportation costs necessitated by sourcing crumb rubber feedstock from other GreenMan locations. Additionally, these actions position us to better meet the growing market demand for our products and services. During the July to December timeframe, we experienced inevitable one-time operational disruptions as well as increased transportation costs associated with temporarily diverting a significant portion of Iowa tires to our Minnesota plant during the equipment installation. These disruptive factors negatively impacted earnings in the first quarter of fiscal 2003 by approximately $150,000.

The capital investment in Iowa is being funded by a combination of internal cash flow and long term debt provided by both an existing lender, First American Bank of Des Moines, Iowa and the State of Iowa.

Private Offering of Common Stock

In February 2002, GreenMan commenced a private offering of unregistered common stock in an effort to raise up to $2,000,000 in gross proceeds (subsequently increased to $3,000,000 in August 2002). As of March 31, 2003, the Company has sold 1,400,518 shares of unregistered common stock to investors, including existing shareholders, for gross proceeds of $2,063,663. The investors have been granted limited registration rights to cause the Company to register the common stock for resale in the event that GreenMan registers shares of common stock for its own account. The investors have agreed not to sell or transfer the shares for a period of at least 18 months after issuance. A majority of the proceeds of this offering were used to acquire certain tire recycling operations and assets during fiscal 2002.

Credit Facility

On February 7, 2003, Southern Pacific Bank ("SPB") and its wholly owned subsidiary Coast Business Credit ("CBC") were closed by the Commissioner of Financial Institutions of the State of California. The Federal Deposit Insurance Corporation ("FDIC") was appointed receiver of SPB and its subsidiaries. Prior to its closure, CBC had been GreenMan's principal source of working capital financing and long term debt. GreenMan is in compliance with all covenants and other terms of its financing agreement with CBC.

On February 13, 2003, the FDIC notified GreenMan that its existing line of credit will remain available for a minimum of six months under existing terms and conditions, and that, subject to continued compliance with all financing covenants, GreenMan would be permitted to draw an additional $300,000 under the line of credit in addition to amounts currently outstanding. GreenMan believes that the liquidity available under the line of credit will be sufficient to fund its operations over this period, but recognizes that it must refinance its CBC obligations in the near future. GreenMan is currently evaluating several refinancing alternatives. Although GreenMan currently believes that it will be able to refinance all of its CBC obligations within the period permitted by the FDIC, no assurances can be given that such refinancing will be concluded in the near future, on terms favorable to the Company, or at all. As of March 31, 2003, the unamortized balance of deferred financing charges relating to this obligation was $219,975.

Cautionary Statement

Information contained or incorporated by reference in this document contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, which statements can be identified by the use of forward-looking terminology such as "may," "will," "would," "can," "could," "intend," "plan," "expect," "anticipate," "estimate" or "continue" or the negative thereof or other variations thereon or comparable terminology. The following matters constitute cautionary statements identifying important factors with respect to such forward-looking statements, including certain risks and uncertainties, that could cause actual results to differ materially from those in such forward-looking statements.

Factors Affecting Future Results

There are several factors which may effect the future operating results of GreenMan, including:

- the ability to secure new corporate wide property insurance prior to the June 21, 2003 expiration;

- the ability to refinance, on acceptable terms, GreenMan's obligations to CBC in light of its February 7, 2003 shutdown by the FDIC;

- the ability re-establish its Georgia waste wire processing capabilities in a timely manner and reach a satisfactory resolution with the insurance carriers;

- the ability to realize the anticipated benefits associated with the re-configuration of GreenMan's Wisconsin operations into a transfer station;

- a significant part of GreenMan's business strategy entails future acquisitions, or significant investments in businesses that offer complementary products, services and technologies. Any acquisition of a business is accompanied by certain risks including, but not limited to:

  - the ability to integrate future acquisitions without significant disruption of the Company's ongoing business;

  - distraction of management from the Company's on-going business;

  - overpaying for the entity or assets acquired; and

  - the dilutive impact to existing shareholder's stock positions and earnings per share common stock from the potential issuance of common stock or rights to purchase common stock used in future acquisitions.

- general economic conditions.

GreenMan's plans and objectives are based on assumptions that it will be successful in receiving additional financing to fund future growth and that there will be no material adverse change in GreenMan's operations or business. There can be no assurance that GreenMan will obtain such financing on acceptable terms. Any failure to secure new corporate wide property insurance prior to the June 21, 2003 expiration of our current policy would constitute a default under our credit agreement with CBC and may make the refinancing of the obligations more difficult or impossible.

Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of GreenMan. As a result, there can be no assurance that GreenMan will be able to achieve or sustain profitability on a quarterly or annual basis. In light of the significant uncertainties inherent in GreenMan's business, forward-looking statements made in this report should not be regarded as a representation by GreenMan or any other person that the objectives and plans of GreenMan will be achieved.

Item 3. Controls and Procedures

(a) Evaluation of disclosure controls and procedures. Based on evaluation as of a date within 90 days of the filing date of this Quarterly Report on Form 10-QSB, GreenMan's principal executive officer and principal financial officer have concluded that GreenMan's disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934 (the "Exchange Act")) are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

(b) Changes in internal controls. There were no significant changes in GreenMan's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

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PART II - OTHER INFORMATION

Item 2. Changes in Securities

During the six months ended March 31, 2003 the Company issued 70,175 shares of its common stock in connection with a private placement of shares of common stock for gross proceeds of $110,000. Exemption from registration for these transactions is claimed under Rule 506 of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act").

In December 2002 the company issued 12,000 shares of its common stock upon exercise of qualified stock options for gross proceeds of $10,200. Exemption from registration for this transaction is claimed under Section 4(2) of the Securities Act of 1933, as amended.

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

The Company conducted a Special Meeting in Lieu of an Annual Meeting of Stockholders on February 20, 2003. The matters considered at the meeting were the election of five members of the Board of Directors; approval of an amendment to the Company's

Certificate of Incorporation to increase the number of authorized shares of the Company's Common Stock from 20,000,000 to 30,000,000; and ratification of a proposal for the selection of the firm of Wolf & Company, P.C. as independent auditors for the fiscal year ending September 30, 2003.

The results of each vote was as follows:

	For	Against	Abstain
Vote 1 - Election of the Board of Directors			
Maurice E. Needham	12,385,494	66,150	N/A
Robert H. Davis	12,385,494	66,150	N/A
Lew Boyd	12,385,494	66,150	N/A
Dr. Allen Kahn	12,385,494	66,150	N/A
Lyle Jensen	12,386,594	65,050	N/A
Vote 2 - Increase authorized shares of Common Stock from 20,000,000 to 30,000,000	12,272,123	117,113	62,408
Vote 3 - Proposal to ratify the selection of Wolf & Company, P.C. as independent auditors for the fiscal year ending September 30, 2003	12,425,634	22,650	3,360

Item 5. Certification Under Sarbanes-Oxley Act

Our chief executive officer and chief financial officer have furnished to the Securities and Exchange Commission the certification with respect to this Report that is required by Section 906 of the Sarbanes-Oxley Act of 2002.

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Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 3 Restated Certificate of Incorporation as filed with the Secretary of State of the State of Delaware on May 1, 2003

(b) Reports on Form 8-K

There were no reports filed on Form 8-K during the quarter ended March 31, 2003.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1934 , the Registrant certifies that it has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

By: GreenMan Technologies, Inc.

/s/ Robert H. Davis

Robert H. Davis
Chief Executive Officer

By: GreenMan Technologies, Inc.

/s/ Charles E. Coppa

Chief Financial Officer, Treasurer,
Secretary

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I, Robert H. Davis, President and Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of GreenMan Technologies, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

Robert H. Davis
President and Chief Executive Officer

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CERTIFICATION

I, Charles E. Coppa, Chief Financial Officer and Treasurer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of GreenMan Technologies, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

Charles E. Coppa
Chief Financial Officer and Treasurer