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GREENMAN TECHNOLOGIES INC  
Form 10KSB  
January 02, 2003

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

Form 10-KSB

(Mark One)

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

For the fiscal year ended September 30, 2002

OR

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

Commission File Number 1-13776  
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GreenMan Technologies, Inc.  
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(Name of small business issuer in its charter)

Delaware  
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71-0724248  
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(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

7 Kimball Lane, Building A, Lynnfield, MA 01940  
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(Address of principal executive offices) (Zip Code)

Issuer's telephone number (781) 224-2411  
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Securities registered pursuant to Section 12 (b) of the Exchange Act:

Title of each class  
-----

Name of each exchange on which registered  
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Common Stock, \$ .01 par value  
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American Stock Exchange

(Title of each class)

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

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.

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The issuer's revenues for the fiscal year ended September 30, 2002 were \$27,451,633.

The aggregate market value of the voting stock held by non-affiliates, computed by reference to the closing bid prices of such stock, as of December 16, 2002 was \$21,236,212.

As of December 16, 2002, 15,698,214 shares of common stock of issuer were outstanding.

Transitional Small Business Disclosure Format (check one) Yes  No

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### Part 1

#### Item 1. Description of Business

##### General

GreenMan Technologies, Inc. ("GreenMan" or the "Company") was founded as a Delaware corporation in 1992 and today comprises a group of eight affiliated companies that is now on an annualized run-rate to collect, process and market over 30 million scrap tires in whole, shredded or granule form. We are headquartered in Lynnfield, Massachusetts and currently operate size reduction operations in California, Georgia, Iowa, Minnesota, Oklahoma and Wisconsin and operate under exclusive agreements to supply whole tires to cement kilns located in Florida, Georgia, Illinois, Michigan, Oklahoma, Tennessee and Texas.

##### Recent Developments

In July 1997, the Board of Directors hired Robert H. Davis, a 30-year veteran of the recycling industry and formerly Vice President of Recycling for Browning-Ferris Industries, Inc. as GreenMan's new Chief Executive Officer. While at Browning-Ferris, Mr. Davis was responsible for growing their entire North American recycling operations from startup to \$650 million in five years. During the last four years, the current GreenMan management team led by Mr. Davis, have turned an unfocused company losing over \$5 million per year into a leader within our industry.

In April 2001, Technical Tire Recycling, Inc. ("TTRI"), a newly formed wholly-owned subsidiary of GreenMan, acquired the net operations of Tennessee Tire Recyclers, Inc. TTRI is a Tennessee based company which procures whole scrap tires to be used as an alternative fuel to several of the largest cement companies in North America. In October 2001, all Georgia and Tennessee based tire collection and disposal operations of TTRI were consolidated into GreenMan Technologies of Georgia, Inc. ("GreenMan Technologies of Georgia"), a wholly-owned subsidiary in order to maximize logistical and managerial resources of GreenMan's southern U.S. operations.

In January 2002, GreenMan Technologies of Wisconsin, Inc. ("GreenMan Technologies of Wisconsin"), a newly formed wholly-owned subsidiary of GreenMan Technologies of Minnesota, acquired the operations and certain processing equipment of An-Gun, Inc, a Wisconsin based company in the business of collecting, processing and marketing of scrap tires

Also in January 2002, GreenMan Technologies of Oklahoma, Inc., ("GreenMan Technologies of Oklahoma") a newly formed wholly-owned subsidiary of GreenMan and Able Tire Company, LLC, a Burleson, Texas tire processor and collector,

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formed a joint venture known as Able Tire of Oklahoma, LLC ("Able Tire of Oklahoma"). Able Tire of Oklahoma collects, shreds and markets whole tires to the cement industry. GreenMan Technologies of Oklahoma is the majority owner and has responsibility for finance and administration while Able Tire is responsible for marketing and operational management.

In April 2002, GreenMan Technologies of Iowa, Inc. ("GreenMan Technologies of Iowa"), a newly formed wholly-owned subsidiary of GreenMan acquired the Iowa based tire collection and processing operations of Utah Tire Recyclers, Inc., a Utah based company in the business of collecting, processing and marketing of scrap tires. The acquisition also provides GreenMan with an installed crumb rubber production capacity of over 15 million pounds per year.

In July 2002, GreenMan Technologies of California, Inc., ("GreenMan Technologies of California") a newly formed wholly-owned subsidiary of GreenMan Technologies, acquired the outstanding common stock of Unlimited Tire Technologies, Inc., an Azusa, California based company in the business of collecting, processing and marketing scrap tires.

In September 2002, GreenMan announced an agreement with US Century, LLC of San Antonio, Texas ("US Century") to be the sole producer of heavy duty roofing shingles from scrap tires for US Century. The patented "hail proof" product developed by US Century produces shingles stamped from the tread of scrap passenger and light truck tires which are coated and granulated to have a "slate look". A prototype shingle production line has been installed at the GreenMan Technologies of California's facility. Management is working with US Century to finalize product acceptance and commercialization criteria which are expected to occur during the second quarter of fiscal 2003.

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### Products and Services

GreenMan's size reduction operations located in California, Georgia, Iowa, Minnesota, Oklahoma and Wisconsin 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).

GreenMan collects scrap tires from three sources:

- o local, regional and national tire stores;
- o tire manufacturing plants; and
- o illegal tire piles when governmental entities intervene to clean up

The tires we collect are processed and sold ("end product" revenue):

- o as alternative fuel (in lieu of coal) by pulp and paper producers, cement kilns and electric utilities;
- o as an effective substitute for crushed stone in civil engineering applications such as road beds, landfill construction or septic field construction;
- o as feedstock to be further processed into crumb rubber (rubber granules) for playground and athletic surfaces, running tracks, landscaping/groundcover applications, bullet containment systems; or
- o as heavy-duty roofing shingles which are stamped from the tread of

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scrap passenger and light truck tires, coated with a granular material to have a "slate look" and then used as a replacement for wood shingles, particularly in areas where hail is prevalent.

TTRI's whole tire operations are paid a fee by existing tire collectors to dispose of whole tires in states where TTRI has disposal contracts with cement kilns. TTRI pays the cement kilns a fee to accept the whole tires whereupon they are used as an alternative fuel source to coal as well as providing a source of iron oxide which is required in the cement making process.

### Manufacturing/Processing

GreenMan's tire shredding operations currently have the capacity to process about 40 million passenger tire equivalents annually. GreenMan's operations collected over 26 million passenger tire equivalents in the year ended September 30, 2002 as compared to approximately 21 million passenger tire equivalents during the year ended September 30, 2001. GreenMan will enter fiscal 2003 on a scrap tire run rate of over 30 million passenger tire equivalents annually.

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 65% of the incoming tire processed with the balance of cross-contaminated rubber and steel ("waste wire") historically disposed at a cost exceeding \$1 million annually during the last two fiscal years. GreenMan has installed secondary equipment at its Georgia, Iowa, and Wisconsin 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 reduced residual disposal costs. In Iowa, rubber is further granulated into particles less than one-quarter inch in size.

### Raw Materials

GreenMan believes it will have access to a supply of tires sufficient to meet its requirements for tire-derived fuel, civil engineering, feedstock markets and granulation for the foreseeable future. Specialized equipment for unique contracts is rented on an as-needed basis. According to the Scrap Tire Management Council, in 2000, approximately 280 million passenger tire equivalents (approximately one per person per year) were discarded annually in the United States in addition to an estimated several hundred million scrap passenger tire equivalents already stockpiled in illegal tire piles. The Scrap Tire Management Council estimates that a total of approximately 180 million passenger tire equivalents are currently recycled of which approximately 115 million are burned as tire-derived fuel; 25 million are used in civil engineering applications and 40 million are used in various other applications such as crumb rubber production, retreading and export. The approximately 100 million remaining passenger tire equivalents are now added to landfills annually. Accordingly, there is a more than ample supply of non-recycled tires to meet GreenMan's growth plan.

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### Customers

The tire recycling operations have a diversified collection and product sales program that minimizes their vulnerability to the loss of any one customer. During the fiscal years ended September 30, 2002 and 2001, one customer accounted for approximately 10% and 15%, respectively of GreenMan's consolidated net sales. The diverse base of customers includes Goodyear,

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Bridgestone/Firestone, Cooper, Continental, Michelin, many local and regional tire outlets and state and local governments. Management does not believe that the loss of any individual customer would have a material adverse effect on the business of GreenMan and its subsidiaries, taken as a whole.

GreenMan does not have any long-term contracts pursuant to which any customer is required to purchase any minimum amount of products or provide any minimum amount of tires. There can be no assurance that GreenMan will continue to receive orders of the same magnitude as in the past from existing customers or that it will be able to market its current or proposed products to new customers.

### Sales and Marketing

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

### Competition

GreenMan has positioned itself as a leader in tire recycling operations. We estimate that at our current scrap tire run rate, GreenMan operations collect over 10% of tires currently generated domestically, making it one of the largest tire recyclers in the United States.

GreenMan competes in a highly fragmented and decentralized market in which many of its competitors are small and undercapitalized. Consequently, GreenMan believes there is an opportunity for industry consolidation and certain strategic value-added vertical integration. GreenMan's strategy is to continue to increase the number of passenger tire equivalents that it processes through aggressive sales and marketing efforts as well as through selective acquisitions of smaller competitors, while continuing to focus on identifying and generating marketing strategies for recycled tires and their by-products.

Companies in the tire collection and processing industry have historically generated sufficient quantities of tires to satisfy the growing needs of tire derived fuel users such as cement kilns, pulp and paper producers and electric utilities or utilized in civil engineering projects such as landfill construction or road stabilization projects. There are also several companies that break down the tire material into its elemental components and sell the components individually.

### Government Regulation

GreenMan's tire recycling and manufacturing activities are subject to extensive and rigorous government regulation designed to protect the environment. Management does not believe that GreenMan's activities result in the emission of air pollutants, disposal of combustion residues, or storage of hazardous substances. 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 GreenMan from obtaining, or affect the timing of, regulatory approvals. GreenMan

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uses its best efforts to keep abreast of changed or new regulations for immediate implementation.

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### Protection of Intellectual Property Rights and Proprietary Rights

None of the equipment or machinery that GreenMan currently uses or intends to use in its current or proposed manufacturing activities is proprietary. Any competitor can acquire equivalent equipment and machinery on the open market.

GreenMan has used the name "GreenMan" in interstate commerce since inception and asserts a common law right in and to such name.

### Employees

As of September 30, 2002, GreenMan had 170 full time employees. Neither GreenMan nor any of its subsidiaries is a party to any collective bargaining agreements, and each considers the relationship with its employees to be satisfactory.

### Item 2. Description of Properties

GreenMan Technologies of Minnesota owns two industrial buildings and an office building in Savage, Minnesota, located on approximately 8 acres of land zoned for industrial use.

In April 2001, GreenMan Technologies of Georgia sold all of its land and buildings located in Jackson, Georgia to a third party. Simultaneous with the sale, GreenMan Technologies of Georgia executed a twenty year lease with the same third party for use of that property at a monthly rental of \$17,642. The lease can be renewed for four additional 5 year periods and provides GreenMan Technologies of Georgia an option to repurchase the land and buildings at fair market value after the second anniversary of the lease.

GreenMan Technologies of Iowa leases a facility located on approximately 4 acres of land under a 36-month lease for \$5,000 per month. The lease can be renewed for two additional one year periods and provides GreenMan Technologies of Iowa a right of first refusal to purchase the land and buildings during the term of the lease.

GreenMan Technologies of Wisconsin leases a facility located on approximately 4 acres of land under a 36-month lease for \$3,600 per month. At the end of the lease GreenMan of Wisconsin has the option to purchase the land and building for \$350,000, with a portion of the lease payments being credited towards the purchase price.

GreenMan Technologies of California leases approximately 45,000 square feet of a building situated on approximately 1.5 acres of land for \$1,250 per month. The lease expires in April 2007, with an option to extend the lease for an additional five years.

Management believes these facilities are adequate for its current needs and have adequate space to accommodate expansion if required to meet ongoing growth.

### Item 3. Legal Proceedings

GreenMan was not a party to any pending legal proceedings as of September 30, 2002.

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

There were no matters submitted to a vote of the shareholders during the fourth quarter of the fiscal year ended September 30, 2002.

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## Part II

### Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

GreenMan's common stock began trading on the American Stock Exchange on September 20, 2002 under the symbol of "GRN". Prior to that time, the common stock had traded on the Over the Counter Bulletin Board under the symbol "GMT".

Based on the minimal trading activity of common stock on the Boston Stock Exchange, GreenMan voluntarily withdrew its listing on that exchange effective November 13, 2002.

The following table sets forth the high and low bid quotations for the common stock for the periods indicated as quoted on the Over the Counter Bulletin Board and effective, September 20, 2002 on the American Stock Exchange. Quotations from the Over the Counter 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 2001 -----		
Quarter Ended December 31, 2000	\$0.53	\$0.25
Quarter Ended March 31, 2001	0.52	0.30
Quarter Ended June 30, 2001	0.54	0.34
Quarter Ended September 30, 2001	0.85	0.38
Fiscal 2002 -----		
Quarter Ended December 31, 2001	\$1.35	\$0.65
Quarter Ended March 31, 2002	1.82	1.12
Quarter Ended June 30, 2002	2.68	2.00
Quarter Ended September 30, 2002	2.35	1.80

On December 16, 2002, the closing bid price of the common stock was \$2.35.

As of December 16, 2002, management estimates the approximate number of stockholders of record of GreenMan's common stock to be 2,500.

GreenMan has not paid any cash dividends on its common stock since inception and it does not anticipate paying any cash dividends in the foreseeable future.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Private Offering of Common Stock" and "Repurchase of Class B Convertible Preferred Stock", below, for descriptions of certain shares of capital stock sold during the fiscal year ended September 30, 2002.

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

Year ended September 30, 2002 Compared to year ended September 30, 2001

Net sales for the year ended September 30, 2002 were \$27,451,633, an increase of 26%, as compared to net sales of \$21,753,070 for the year ended September 30, 2001. GreenMan processed over 26 million passenger tire equivalents during the year ended September 30, 2002 as compared to over 21.5 million passenger tire equivalents during the year ended September 30, 2001. The overall quality of revenue (revenue per passenger tire equivalent) improved due to the impact of several tire pile cleanup projects and increased end product sales which accounted for 12% of consolidated revenues for the year ended September 30, 2002 as compared to 7% for the prior year. The increase in end product sales is attributable to implementation of GreenMan's waste wire processing equipment and the recently acquired crumb rubber production capacity. The results also include the operations of three new subsidiaries formed in connection with recent acquisitions (GreenMan Technologies of Wisconsin (January 2002), GreenMan Technologies of Iowa (April 2002) and GreenMan Technologies of California (July 2002) and GreenMan's interest in our majority owned joint venture, Able Tire of Oklahoma, LLC (February 2002).

Gross profit for the year ended September 30, 2002 was \$6,254,624 or 23% of net sales as compared to \$4,992,452 or 23% of net sales for the year ended September 30, 2001. The results for the year ended September 30, 2002 benefited from a 21% increase in overall volume; increased overall quality of revenue; tire pile cleanup projects in the mid-west and the inclusion of GreenMan's recent acquisitions. These benefits were offset by (1) 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; (2) approximately \$150,000 relating to operating and startup losses associated with a new kiln relationship, which will be terminated December 31, 2002; and (3) corporate-wide insurance cost increases of over \$100,000 during the quarter ended September 30, 2002 as a result of higher insurance limits due to recent acquisitions and increased renewal premiums reflecting the impact that September 11, 2001 has had on the insurance industry.

Selling, general and administrative expenses were \$4,398,146 or 16% of net sales for the year ended September 30, 2002, as compared to \$3,503,865 or 16% of net sales for the year ended September 30, 2001. Included in the results for the year ended September 30, 2002 were approximately \$200,000 of costs relating to GreenMan's specialty waste initiatives, which have been curtailed at this point, and approximately \$100,000 associated with GreenMan's initial listing on the American Stock Exchange in September 2002.

As a result of the foregoing, GreenMan's operating profit for the year ended September 30, 2002 increased 25% or \$367,891 to \$1,856,478 as compared to \$1,488,587 for the year ended September 30, 2001.

During the year ended September 30, 2001, GreenMan recorded other income of \$437,525 due to an insurance settlement and a casualty loss of \$155,000 associated with a litigation settlement related to the August 1998 fire at GreenMan Technologies of Louisiana. GreenMan also recorded \$177,929 and 172,776 of income from forgiveness of indebtedness during the years ended September 30, 2002 and 2001, respectively, as a result of renegotiating and settling certain outstanding obligations due to various unrelated, unsecured vendors and creditors who agreed to forgive past due amounts due in return for an immediate payment of less than 100%.



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GreenMan recorded a net benefit for income taxes of \$204,400 primarily due to the recognition of a deferred tax asset of \$270,000. As a result of GreenMan's continued operating results, the Company expects to be able to realize the benefit of a portion of their federal net operating loss carryforwards.

GreenMan's net income after taxes increased 27 percent to \$1,018,027, or \$.07 per share-basic for the year ended September 30, 2002 as compared to net income after taxes of \$803,227, or \$.06 per share-basic for the year ended September 30, 2001.

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### Liquidity and Capital Resources

As of September 30, 2002, the Company had \$780,497 in cash and cash equivalents and a working capital deficiency of \$497,367. Management understands that the continued, successful sales and marketing of the Company's services and products, the introduction of new products and the Company's 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, our tire processing operations were able to recover and sell about 65% of a processed tire with the balance disposed of as waste wire residual (cross-contaminated rubber and steel) at a cost which exceeded \$1,000,000 annually during the last two fiscal years. During the last two fiscal years, we have installed equipment at our Georgia, Iowa and Wisconsin 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. We are realizing both increased product sales and reduced disposal costs as a result of this equipment. The implementation of this equipment is another step towards our goal of realizing positive value from over 90% of each tire that we manage.

During the fourth quarter of fiscal 2002, GreenMan initiated a \$1.5 million equipment upgrade to its Des Moines, Iowa tire processing facility. We have completely replaced all tire shredders with more efficient, higher volume equipment and installed a third waste wire processing equipment line which will allow us to reduce waste wire disposal costs while providing the internal 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 GreenMan's Wisconsin location at the same time it positions us to better meet the growing market demand for our products and services. During the July to November timeframe, we experienced inevitable one-time operational

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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 fourth quarter of fiscal 2002 by approximately \$150,000..

The Iowa capital investment is being funded from a combination of internal cash flow and long term debt provided by the GreenMan Technologies of Iowa's 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 September 30, 2002 the Company sold 1,330,343 shares of unregistered common stock to investors, including existing shareholders, for gross proceeds of \$1,953,603. 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.

### Repurchase of Class B Convertible Preferred Stock

On February 14, 2002, GreenMan repurchased and retired all of the Class B convertible Preferred Stock held by Republic Services of Georgia, Limited Partnership ("RSLP") (as successor to United Waste Services, Inc.) for a \$1,500,000 promissory note bearing interest at 10% and due in February 2007 and 100,000 shares of common stock valued at \$1.60 per share on the date of issuance. The difference between the liquidation value of the preferred stock and the consideration given has been credited to paid-in-capital.

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On May 6, 2002, RSLP converted \$750,000 of the principal amount of the February 14, 2002 promissory note into 300,000 unregistered shares of GreenMan's common stock valued at \$750,000. GreenMan issued RSLP a promissory note for the remaining balance on the February 14, 2002 promissory note in the principal amount of \$743,750 bearing interest at 10% and due in March 2007.

### 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 affect the future operating results of GreenMan, including:

- o the ability to successfully realize the anticipated on-going cost

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reductions and revenue enhancements associated with GreenMan's waste wire processing projects;

- o the ability to successfully integrate recent acquisitions into GreenMan and realize the anticipated benefits;
- o 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:
  - o the ability to integrate future acquisitions without significant disruption of the Company's on-going business;
  - o overpaying for the entity or assets acquired; and
  - o the dilutive impact to existing shareholder's stock positions and earnings per share of common stock from the potential issuance of common stock or right to purchase common stock used in future acquisitions.
- o 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 or at all.

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 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.

### Environmental Liability

There are no known material environmental violations or assessments.

### Recent Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard (SFAS) No. 142, "Goodwill and Other Intangible Assets". 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 within six months of fiscal 2002 and any transitional impairment loss will be recorded in the first quarter as a change in accounting principle. Management has reviewed the provisions of these statements and determined that no goodwill impairment had resulted during the year ended September 30, 2002. . As of September 30, 2002 and September 30,

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2001, GreenMan has net unamortized goodwill of \$3,413,894 and \$2,172,198, respectively, and recognized no goodwill amortization expense for the year ended September 30, 2002.

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. This statement 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. This statement 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 will adopt SFAS No. 144 in the first quarter of fiscal 2003 and does not expect the adoption of SFAS No. 143, 144 or 146 to impact its financial position and results of operations.

### Item 7. Financial Statements

For information required with respect to this Item 7, see "Consolidated Financial Statements" on pages F-1 through F-19 of this report.

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

None

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## Part III

### Item 9. Directors, Executive Officers and Key Employees

The directors and executive officers of GreenMan are as follows:

Name	Age	Position
----	---	-----
Maurice E. Needham ....	62	Chairman of the Board of Directors
Robert H. Davis .....	60	Chief Executive Officer; President; Director
Charles E. Coppa .....	39	Chief Financial Officer; Treasurer; Secretary
Mark T. Maust .....	44	Vice President of Operations
Dr. Allen Kahn.....	81	Director
Lew F. Boyd .....	57	Director
Lyle Jensen.....	52	Director

Each director is elected for a period of one year at the annual meeting of stockholders and serves until his or her successor is duly elected by the stockholders. The officers are appointed by and serve at the discretion of the Board of Directors. Each outside director receives a fee of \$2,500 per board meeting. Each outside director also participates in the Non-Employee Director Stock Option Plan.

GreenMan has established an Audit Committee consisting of Messrs. Jensen (Chair) and Boyd and Dr. Kahn and a Compensation Committee consisting of Messrs.

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Boyd (Chair) and Jensen .

MAURICE E. NEEDHAM has been Chairman since June 1993. From June 1993 to July 21, 1997, Mr. Needham also served as Chief Executive Officer. He also serves as a Director of Comtel Holdings, an electronics contract manufacturer since April 1999. He previously served as Chairman of Dynaco Corporation, a manufacturer of electronic components which he founded in 1987. Prior to 1987, Mr. Needham spent 17 years at Hadco Corporation, a manufacturer of electronic components, where he served as President, Chief Operating Officer and Director.

ROBERT H. DAVIS has been Chief Executive Officer and a Director since July 1997. Prior to joining GreenMan, Mr. Davis served as Vice President of Recycling for Browning-Ferris Industries, Inc. of Houston, Texas ("BFI") since 1990. As an early leader of BFI's recycling division, Mr. Davis grew that operation from startup to \$650 million per year in profitable revenues. A 25-year veteran of the recycling industry, Mr. Davis has also held executive positions with Fibres International, Garden State Paper Company, and SCS Engineers, Inc. Mr. Davis currently serves as a Director and Audit Committee member of Waste Connections, Inc., the fourth largest solid waste management company in the United States.

CHARLES E. COPPA has served as Chief Financial Officer, Treasurer and Secretary since March 1998. From October 1995 to March 1998, he served as Corporate Controller. Mr. Coppa was Chief Financial Officer and Treasurer of Food Integrated Technologies of Brookline, MA, a publicly-traded development stage company from July 1994 to October 1995. Prior to joining Food Integrated Technologies, Inc., Mr. Coppa served as Corporate Controller for Boston Pacific Medical, Inc., a manufacturer and distributor of disposable medical products and Corporate Controller for Avatar Technologies, Inc., a computer networking company.

MARK T. MAUST has been Vice President of Operations since July 2000 and Vice President of GreenMan Technologies of Minnesota, Inc. since July 1997. Prior to joining GreenMan, Mr. Maust served as Vice President for BFI Tire Recyclers of Minnesota, Inc. from July 1991 to June 1997. Mr. Maust was Vice President of Maust Tire Recycling from 1988 to 1991, when the business was sold to BFI and he joined BFI as a Vice President.

ALLEN KAHN, M.D. has been a Director since March 2000. Dr. Kahn operated a private medical practice in Chicago, Illinois, which he founded in 1953 until his retirement in October 2002. Dr. Kahn has been actively involved as an investor in "concept companies" since 1960. From 1965 through 1995 Dr. Kahn served as a member of the Board of Directors of Nease Chemical Company (currently German Chemical Company), Hollymatic Corporation and Pay Fone Systems (currently Pay Chex, Inc.). Dr. Kahn currently serves as a director of InfraCor, Inc., a technology-based construction firm focusing on the installation and rehabilitation of subsurface pipelines using trenchless technologies.

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LEW F. BOYD has been a Director since August 1994. Mr. Boyd is the founder and since 1985 has been the Chief Executive Officer of Coastal International, Inc., an international business development and executive search firm, specializing in the energy and environmental sectors. Previously, Mr. Boyd had been Vice President/General Manager of the Renewable Energy Division of Butler Manufacturing Corporation and had served in academic administration at Harvard and Massachusetts Institute of Technology.

LYLE JENSEN has been a Director since May 2002. For the past five years, Mr. Jensen has been Chief Executive Officer and part owner of Comtel and Corlund Electronics, Inc. He served as President of Dynaco, Corporation from 1988 to

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1997; Vice-President and General Manager of Interconics from 1984 to 1988; and as divisional controller of Rockwell International from 1973 to 1984.

Compliance with Section 16(a) of the Securities and Exchange Act of 1934

Section 16(a) of the Securities and Exchange Act of 1934 requires GreenMan's directors and executive officers, and persons who own more than 10% of GreenMan's common stock, to file with the Securities and Exchange Commission initial reports of ownership of GreenMan's common stock and other equity securities on Form 3 and reports of changes in such ownership on Form 4 and Form 5. Officers, directors and 10% Stockholders are required by the Securities and Exchange Commission regulations to furnish GreenMan with copies of all Section 16 (a) forms they file.

To the best of management's knowledge, based solely on review of the copies of such reports furnished to GreenMan during and with respect to, its most recent fiscal year, and written representation that no other reports were required, all Section 16 (a) filing requirements applicable to its officers, directors and 10% Stockholders were complied with.

### Item 10. Executive Compensation

The following table summarizes the compensation paid or accrued for services rendered during the fiscal years ended September 30, 2002, 2001 and 2000, to the Chief Executive Officer, the Vice President of Operations and the Chief Financial Officer. GreenMan did not grant any restricted stock awards or stock appreciation rights or make any long-term plan payouts during the periods indicated.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Annual Compensation			(1) Other Annual Compensation	Long-Term Compensation Securities Underlying Options (2)	(3) All Compen
		Salary	Bonus	-----			
Robert H. Davis .....	2002	\$230,000	\$23,000	\$ 16,817	7,500	\$	
	2001	230,000	44,000	15,586	25,000	5,8	
	2000(4)	230,000	--	14,292	125,000		
Mark T. Maust .....	2002	\$140,000	\$70,000	\$ 17,278	7,500	\$	
	2001	140,000	70,000	17,074	25,000	5,8	
	2000(5)	132,000	53,333	18,664	200,000		
Charles E. Coppa .....	2002	\$130,000	\$ 5,000	\$ 7,200	7,500	\$	
	2001	130,000	20,000	7,200	50,000	5,8	
	2000(6)	125,000	--	7,200	100,000		

(1) Represents payments made to or on behalf of Messrs. Davis, Maust and Coppa for health insurance and auto allowances.

(2) The fiscal 2002 grants represent options granted to Mr. Davis, Mr. Maust and Mr. Coppa in August 2002. The fiscal 2001 grants represent options granted in January 2001 to Mr. Davis, Mr. Maust and Mr. Coppa

(3) Represents the value assigned to 19,375 shares of unregistered GreenMan

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common stock granted to each of Messrs. Davis, Maust and Coppa for prior services rendered.

- (4) Based upon GreenMan's performance, Mr. Davis deferred payment of \$46,000 of accrued compensation due him and invested an additional \$49,000 (net of taxes) of compensation due him into unregistered GreenMan common stock during the year ended September 30, 2000.

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- (5) Based upon GreenMan's performance, Mr. Maust deferred payment of \$46,000 of accrued compensation due him and invested an additional \$25,000 (net of taxes) of compensation due him into unregistered GreenMan common stock during the year ended September 30, 2000.

- (6) Based upon GreenMan's performance, Mr. Coppa deferred payment of \$29,000 of accrued compensation due him and invested an additional \$29,000 (net of taxes) of compensation due him into unregistered GreenMan common stock during the year ended September 30, 2000.

### Options/SAR Grants Table

The following table sets forth each grant of stock options made during the year ended September 30, 2002 held by the executives named in the Summary Compensation Table above.

#### OPTION GRANTS IN LAST FISCAL YEAR

Name -----	Number of Securities Underlying Options Granted -----	% of Total Options Granted to Employees in Fiscal Year -----	Exercise Price Per Share -----	Market Price On Date of Grant Per Share -----
Robert H. Davis .....	7,500 (1)	2.9%	\$1.80	\$1.80
Mark T. Maust .....	7,500 (1)	2.9%	\$1.80	\$1.80
Charles E. Coppa.....	7,500 (1)	2.9%	\$1.80	\$1.80

- (1) Vests equally over a five year period.

The following table sets forth information concerning the value of unexercised options as of September 30, 2002 held by the executives named in the Summary Compensation Table above.

#### AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR END OPTION VALUES(1)

Name -----	Number of Unexercised Options at September 30, 2002 (1)		Value of Unexercised In-the-Money Options at September 30, 2002	
	Exercisable -----	Unexercisable -----	Exercisable	Unexercisable
-----	-----	-----	-----	-----

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Robert H. Davis .....	614,000	433,500	\$704,830	\$550
Mark T. Maust .....	166,000	166,500	\$214,470	\$243
Charles E. Coppa .....	214,000	173,500	\$270,440	\$247

(1) There were no options exercised by any of the executive officers named in the Summary Compensation Table during the fiscal year ended September 30, 2002. The options granted to the executive officers became exercisable commencing July 17, 1998 in the case of Mr. Davis, December 30, 1997 in the case of Mr. Maust and March 23, 1999 in the case of Mr. Coppa at an annual rate of 20% of the underlying shares of Common Stock. The options granted to Mr. Davis pursuant to his April 1999 employment agreement vest over a seven-year period.

(2) Assumes that the value of shares of common stock is equal to \$2.05 per share, which was the closing bid price as listed by the American Stock Exchange on September 30, 2002.

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### Employment Agreements

In July 1997, GreenMan entered into a five-year employment agreement with Mr. Needham pursuant to which Mr. Needham will receive a salary of \$90,000 per annum. Any increases or bonuses will be made at the discretion of the Board of Directors upon the recommendation of the Compensation Committee. The agreement provides for payment of six months salary as a severance payment for termination without cause.

In April 1999, GreenMan entered into a three-year employment agreement with Mr. Davis pursuant to which Mr. Davis will receive a salary of \$230,000 per annum with an additional \$50,000 of deferred compensation in the first year. The agreement automatically renews for an additional three years upon each anniversary, unless notice of non-renewal is given by either party and provides for payment of twelve months salary as a severance payment for termination without cause. Any increases will be made at the discretion of the Board of Directors upon the recommendation of the Compensation Committee. The agreement also provides for Mr. Davis to receive incentive compensation based on the following formula:

Consolidated Net Income Before Income Taxes	Incentive Compensation Rate	Cumulative Maximum
\$0 - \$1,000,000	5%	\$ 50,000
\$1,000,001 - \$2,000,000	7.5%	125,000
\$2,000,001+	2.5%	125,000+

Based upon GreenMan's fiscal 2002 performance, Mr. Davis chose to accept a reduced bonus amount of \$23,000.

In June 1999, GreenMan entered into a two-year employment agreement with Mr. Coppa pursuant to which Mr. Coppa currently receives a salary of \$130,000 per annum. The agreement automatically renews for an additional two years upon each anniversary, unless notice of non-renewal is given by either party. Any increases or bonuses will be made at the discretion of the Board of Directors upon the recommendation of the Compensation Committee. The agreement provides for payment of twelve months salary as a severance payment for termination without cause.

### Stock Option Plan



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GreenMan's 1993 Stock Option Plan, was established to provide options to purchase shares of common stock to employees, officers, directors and consultants. In March 2001, GreenMan's stockholders approved an increase to the number of shares authorized under the 1993 Stock Option Plan to 3,000,000 shares.

Options granted under the 1993 Stock Option Plan may be either options intended to qualify as "incentive stock options" under Section 422 of the Internal Revenue Code of 1986, as amended; or non-qualified stock options. Incentive stock options may be granted under the 1993 Stock Option Plan to employees, including officers and directors who are employees. Non-qualified options may be granted to employees, directors and consultants of GreenMan.

The 1993 Stock Option Plan is administered by the Board of Directors, which has the authority to determine;

- o the persons to whom options will be granted;
- o the number of shares to be covered by each option;
- o whether the options granted are intended to be incentive stock options;
- o the manner of exercise; and
- o the time, manner and form of payment upon exercise of an option.

Incentive stock options granted under the 1993 Stock Option Plan may not be granted at a price less than the fair market value of the Common Stock on the date of grant (or less than 110% of fair market value in the case of persons holding 10% or more of the voting stock of GreenMan). Non-qualified stock options may be granted at an exercise price established by the Board which may not be less than 85% of fair market value of the shares on the date of grant. Incentive stock options granted under the 1993 Stock Option Plan must expire no more than ten years from the date of grant, and no more than five years from the date of grant in the case of incentive stock options granted to an employee holding 10% or more of the voting stock of GreenMan.

As of September 30, 2002, there were 2,113,000 options granted and outstanding under the 1993 Stock Option Plan of which 1,201,800 options were exercisable at prices ranging from \$0.38 to \$4.70.

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### Non-Employee Director Stock Option Plan

GreenMan's 1996 Non-Employee Director Stock Option Plan is intended to promote the interests of GreenMan by providing an inducement to obtain and retain the services of qualified persons who are not officers or employees to serve as members of the Board of Directors. The Board of Directors has reserved 60,000 shares of common stock for issuance under Non-Employee Director Stock Option Plan, of which, options to purchase 20,000 shares of common stock have been granted as of September 30, 2002.

Each person who was a member of the Board of Directors on January 24, 1996, and who was not an officer or employee, was automatically granted an option to purchase 2,000 shares of common stock. In addition, after an individual's initial election to the Board of Directors, any director who is not an officer or employee and who continues to serve as a director will

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automatically be granted on the date of the Annual Meeting of Stockholders an additional option to purchase 2,000 shares of common stock. The exercise price per share of options granted under the Non-Employee Director Stock Option Plan is 100% of the fair-market value of the common stock on the business day immediately prior to the date of the grant and each option is immediately exercisable for a period of ten years from the date of the grant.

### Employee Benefit Plan

In August 1999, GreenMan implemented a Section 401(k) plan for all eligible employees. Employees are permitted to make elective deferrals of up to 15% of employee compensation and employee contributions to the 401(k) plan are fully vested at all times. GreenMan may make discretionary contributions to the 401(k) plan which become vested over a period of five years. There were no corporate contributions to the 401(k) plan during the years ended September 30, 2002 and 2001.

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

The following table sets forth certain information regarding beneficial ownership of GreenMan common stock as of September 30, 2002:

- o by each person (including any "group" as used in Section 13 (d) of the Securities and Exchange Act of 1934) who is known by GreenMan to own beneficially 5% or more of the outstanding shares of common stock;
- o by each director and officer of GreenMan; and
- o by all directors and officers of GreenMan as a group.

Unless otherwise indicated below, to the knowledge of GreenMan, all persons listed below have sole voting and investment power with respect to their shares of common stock, except to the extent authority is shared by spouses under applicable law. As of September 30, 2002, 15,654,665 shares of common stock were issued and outstanding.

#### SECURITY OWNERSHIP OF MANAGEMENT AND DIRECTORS

Name (1)	Number of Shares Beneficially Owned(2)	Percentage of Class
Dr. Allen Kahn (3) .....	2,712,591	16.66%
Maurice E. Needham (4) .....	1,618,651	9.92%
Robert H. Davis (5) .....	1,095,700	6.71%
Charles E. Coppa (6) .....	546,927	3.45%
Mark Maust (7) .....	357,236	2.26%
Lew F. Boyd (8) .....	336,088	2.13%
Lyle Jensen .....	300	*
All officers and directors as a group (7 persons) .....	6,667,493	36.80%

\* Less than 1%

#### SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

Name (1)	Number of Shares Beneficially Owned	Percentage of Class
Richard Ledet (9) .....	1,925,886	12.30%

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- (1) Except as noted, each person's address is care of GreenMan Technologies, Inc., 7 Kimball Lane, Building A, Lynnfield, MA 01940

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- (2) Pursuant to the rules of the Securities and Exchange Commission, shares of common stock that an individual or group has a right to acquire within 60 days pursuant to the exercise of options or warrants are deemed to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table.
- (3) Includes 131,000 shares of common stock issuable pursuant to immediately exercisable stock options and warrants. Also includes 500,000 shares of common stock issuable pursuant to immediately exercisable convertible notes payable.
- (4) Includes 661,400 shares of common stock issuable pursuant to immediately exercisable stock options. Also includes 59,556 shares of common stock owned by Mr. Needham's wife.
- (5) Includes 614,000 shares of common stock issuable pursuant to immediately exercisable stock options.
- (6) Includes 214,000 shares of common stock issuable pursuant to immediately exercisable stock options.
- (7) Includes 166,000 shares of common stock issuable pursuant to immediately exercisable stock options.
- (8) Includes 111,000 shares of common stock issuable pursuant to immediately exercisable stock options.
- (9) Mr. Ledet's address is 2960 NE Broadway, Des Moines, IA 50317.

### Common Stock Authorized for Issuance under Equity Compensation Plans

For descriptions of equity compensation plans under which GreenMan common stock is authorized for issuance as of September 30, 2002, see Footnote 8 "Stockholders' Equity" of the Consolidated Financial Statements contained herein. For additional information concerning certain compensation arrangements, not approved by stockholders, under which options to purchase common stock may be issued, see "Executive Compensation - Employment Agreements", above, and "Certain Relationships and Transactions - Stock Issuances: Stock Options; Warrants", below.

### Item 12. Certain Relationships and Related Transactions

#### Stock Issuances; Stock Options; Warrants

In July 2001, the Board of Directors approved the issuance of 100,000 shares of unregistered GreenMan common stock to certain employees in recognition of past services and recorded a \$30,000 expense (assigned fair value based on the closing bid price of common stock on date of issuance) associated with the issuance of these shares during the year ended September 30, 2001. Messrs. Needham, Davis, Coppa, Maust, Boyd and Kahn collectively received 85,000 shares of these unregistered shares of common stock.

On March 19, 2002, Mr. Jensen was granted options to purchase 25,000 shares of GreenMan common stock at an exercise price of \$1.51 per share in conjunction with his becoming a Director of GreenMan. The options are exercisable for a period of ten years and vest equally over a five year period

On August 23, 2002, Messrs. Needham, Davis, Coppa, Maust, Kahn, Boyd and Jensen were collectively granted options to purchase 30,000 shares of GreenMan common stock at an exercise price of \$1.80 per share. The options are

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exercisable for a period of ten years and vest equally over a five year period.

### Loans; Personal Guarantees

In January 1998, Mr. Davis was advanced \$104,000 under an 8.5% secured loan agreement with both principal and interest due January 2001. This agreement was amended on September 30, 2000 to extend the maturity of the note until April 15, 2002 and increase the interest rate to 9.5%. In September 2001, GreenMan agreed to extend the maturity date to April 15, 2004.

In January 1999, Messrs. Davis and Coppa were advanced \$55,000, in aggregate, under 8.5% secured loan agreements with both principal and interest due January 2002 (subsequently extended to April 15, 2004). The proceeds were used to participate in a private placement of GreenMan common stock and the loans are secured by 191,637 shares of common stock owned by the two officers. In June 2002, Messrs. Davis and Coppa repaid \$5,000 each toward their respective then outstanding balances.

Messrs. Needham, Davis and Coppa have personally guaranteed the \$1.1 million note payable issued to Cryopolymers Leasing Inc. in May 1999.

Dr. Kahn has loaned GreenMan \$375,000 as of September 30, 2002 under the terms of an October 1999 private offering of 10% convertible notes payable and warrants. GreenMan issued to Dr. Kahn immediately exercisable five year warrants to purchase 125,000 shares of common stock at exercise prices ranging from \$.31 to \$.50 per share. Dr. Kahn has been granted piggy-back registration rights to register the underlying shares of common stock. The original maturity date of

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the convertible notes payable was twelve months after issuance and is payable in cash or unregistered common stock at a conversion price of \$1.00 per share. In September 2000 and June 2001 Dr. Kahn agreed to extend the maturity date of each note for an additional twelve months from their original maturity. In return for the June 2001 extension, GreenMan agreed to reduce the conversion price to \$.75 per share. In September 2002, Dr. Kahn again agreed to extend the maturity of each note for an additional twenty four months from their extended maturity dates.

Dr. Kahn has also loaned GreenMan \$200,000 as of September 30, 2002 under the terms of a November 2000 unsecured note payable which bears interest at 12% per annum with interest due monthly and the principal 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 for an additional twenty four months or until November 2004.

### Related Party Transactions

GreenMan Technologies rents several pieces of equipment on a monthly basis from Valley View Farms, Inc., a company co-owned by Mr. Maust. Rent expense associated with payments made to Valley View Farms for the years ended September 30, 2002 and 2001 was \$355,040 and \$328,012, respectively.

In July 2002, GreenMan Technologies of Minnesota entered into a four-year equipment lease with Valley View Farms. Under the terms of the lease, GreenMan Technologies of Minnesota is required to pay \$4,394 per month rental and has the ability to purchase the equipment at the end of the lease at approximately 40% of original value. The lease is classified as a capital lease at September 30, 2002 with an equipment value of \$146,670.

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In September 1999, GreenMan Technologies of Georgia entered into a five-year equipment lease with Valley View Farms. Under the terms of the lease, GreenMan Technologies of Georgia is required to pay \$6,421 per month rental and has the ability to apply 85% of all payments made towards the purchase of the equipment at the end of the lease. The lease is classified as a capital lease at September 30, 2002 with an equipment value of \$187,250.

Able Tire of Oklahoma, LLC leases, on a month-to-month basis, certain rolling stock equipment from Gary Humphreys, an owner of Able Tire Company, LLC, the other member of Able Tire of Oklahoma, LLC. Payments made to Mr. Humphreys totaled \$45,100 during the fiscal year ended September 30, 2002.

Able Tire of Oklahoma, LLC also purchased certain operating equipment from Green Tree Resorts, a company partly owned by Mr. Humphreys, totaling \$10,500 during the fiscal year ended September 30, 2002.

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

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### Item 13. Exhibits and Reports on Form 8-K

#### (a) Exhibits

The following exhibits required by Item 601 of Regulation S-B are filed as part of this Form 10-KSB.

Exhibit No. ---	Description -----
3.1(1)	-- Certificate of Incorporation of GreenMan Technologies, Inc. as amended
3.2(2)	-- By-laws of GreenMan Technologies, Inc.
4.1(2)	-- Specimen certificate for Common Stock of GreenMan Technologies, Inc.
10.1(2)	-- 1993 Stock Option Plan.
10.2(2)	-- Form of confidentiality and non-disclosure agreement for executive employees.
10.3(4)	-- Employment Agreement between GreenMan Technologies, Inc. and Robert H. Davis.
10.4(1)	-- Promissory Note issued by Robert H. Davis dated January 9, 1998 in favor of GreenMan Technologies, Inc.
10.5(1)	-- Promissory Note issued by Robert H. Davis dated January 4, 1999 in favor of GreenMan Technologies, Inc.
10.6(1)	-- Extension Agreement dated September 30, 2000 between GreenMan Technologies, Inc. and Robert H. Davis.

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- 10.7(1) -- Extension Agreement dated September 30, 2001 between GreenMan and Robert H. Davis.
- 10.8(4) -- Employment Agreement between GreenMan Technologies, Inc. and Charles E. Coppa.
- 10.9(3) -- Promissory Note issued by Charles E. Coppa dated January 4, 1999 in favor of GreenMan Technologies, Inc.
- 10.10(1) -- Convertible Note Payable issued October 27, 1999 by GreenMan Technologies, Inc. to Dr. Allen Kahn.
- 10.11(1) -- Convertible Note Payable issued November 23, 1999 by GreenMan Technologies, Inc. to Dr. Allen Kahn.
- 10.12(1) -- Convertible Note Payable issued February 18, 2000 by GreenMan Technologies, Inc. to Dr. Allen Kahn.
- 10.13(1) -- Promissory note issued November 17, 2000 by GreenMan Technologies, Inc. to Dr. Allen Kahn.
- 10.14(1) -- Extension Agreement dated September 30, 2000 between GreenMan Technologies, Inc. and Dr. Allen Kahn.
- 10.15(1) -- Extension Agreement dated June 27, 2001 between GreenMan Technologies, Inc. and Dr. Allen Kahn.
- 10.16(5) -- Loan and Security Agreement dated January 31, 2001 by and among Coast Business Credit, GreenMan Technologies of Minnesota, Inc. and GreenMan Technologies of Georgia, Inc.
- 10.16(5) -- Secured Promissory Note dated January 31, 2001 in the amount of \$2,044,000 executed by GreenMan Technologies of Minnesota, Inc. and GreenMan Technologies of Georgia, Inc. payable to Coast Business Credit.
- 10.18(5) -- Secured Promissory Note dated January 31, 2001 in the amount of \$822,250 executed by GreenMan Technologies of Minnesota, Inc. and GreenMan Technologies of Georgia, Inc. payable to Coast Business Credit.
- 10.19(5) -- Secured Promissory Note dated January 31, 2001 in the amount of \$812,250 executed by GreenMan Technologies of Minnesota, Inc. and GreenMan Technologies of Georgia, Inc. payable to Coast Business Credit.
- 10.20(5) -- Secured Promissory Note dated January 31, 2001 in the amount of \$1,000,000 executed by GreenMan Technologies of Minnesota, Inc. and GreenMan Technologies of Georgia, Inc. payable to Coast Business Credit.
- 10.21(5) -- Security Agreement-Continuing Guaranty dated January 31, 2001 between GreenMan Technologies Inc. and Coast Business Credit.
- 10.22(5) -- Loan Agreement dated March 29, 2001 between GreenMan Technologies of Minnesota, Inc. Bremer Business Finance Corporation.

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- 10.23(5) -- Real Estate Term Note dated January 31, 2001 in the amount of \$822,250 executed by GreenMan Technologies of Minnesota, Inc. in favor of Bremer Business Finance Corporation.
  - 10.24(5) -- Mortgage, Security Agreement, Fixture Financing Statement and Assignment of Leases and Rents executed by GreenMan Technologies of Minnesota, Inc. to Bremer Business Finance Corporation.
  - 10.25(6) -- Purchase and Sale Agreement By and Between GreenMan Technologies of Georgia, Inc. and WTN Realty Trust dated April 2, 2001
  - 10.26(6) -- Lease Agreement By and Between WTN Realty Trust to GreenMan Technologies of Georgia, Inc. dated April 2, 2001.
  - 10.27(6) -- \$200,000 Promissory Note by WTN Realty Trust to GreenMan Technologies of Georgia, Inc. dated April 2, 2001.
  - 10.28(6) -- Purchase and Sale Agreement By and Between Technical Tire Recycling, Inc. and Tennessee Tire Recyclers, Inc. dated April 16, 2001
  - 10.29(6) -- \$180,000 Promissory Note by Technical Tire Recycling, Inc. to Tennessee Tire Recyclers, Inc. dated April 16, 2001.
  - 10.30(6) -- Corporate Guarantee by GreenMan Technologies, Inc. of \$180,000 note to Tennessee Tire Recyclers, Inc. dated April 16, 2001.
  - 10.31(7) -- Stock Repurchase Agreement by and between GreenMan Technologies, Inc. and Republic Services of Georgia, LP, dated February 14, 2002.
  - 10.32(7) -- \$1,500,000 Promissory Note by GreenMan Technologies, Inc. to Republic Services of Georgia, LP dated February 14, 2002.
  - 10.33(8) -- Stock Repurchase Agreement by and between GreenMan Technologies, Inc. and Republic Services of Georgia, LP dated May 6, 2002
  - 10.34(8) -- \$750,000 Promissory Note by GreenMan Technologies, Inc. to Republic Services of Georgia, LP dated May 6, 2002.
  - 10.35(3) -- Extension Agreement dated September 23, 2002 between GreenMan and Dr. Allen Kahn.
  - 11.1(3) -- Statement Regarding Computation of Earnings Per Share.
  - 21.1(3) -- List of All Subsidiaries.
- 
- (1) Filed as a Exhibit to GreenMan's Form 10-KSB for the Fiscal Year Ended September 30, 2001 and incorporated herein by reference.
  - (2) Filed as an Exhibit to GreenMan's Registration Statement on Form SB-2 No. 33-86138 and incorporated herein by reference.
  - (3) Filed herewith
  - (4) Filed as an Exhibit to GreenMan's Form 10-QSB for the Quarter Ended December 31, 2000 and incorporated herein by reference.

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- (5) Filed as an Exhibit to GreenMan's Form 10-QSB for the Quarter Ended March 31, 2001 and incorporated herein by reference.

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- (6) Filed as an Exhibit to GreenMan's Form 10-QSB for the Quarter Ended June 30, 2001 and incorporated herein by reference.
- (7) Filed as an Exhibit to GreenMan's Form 10-QSB for the Quarter Ended March 31, 2002 and incorporated herein by reference.
- (8) Filed as an Exhibit to GreenMan's Form 10-QSB for the Quarter Ended June 30, 2002 and incorporated herein by reference.
- (b) Reports on Form 8-K.

There were no reports filed on Form 8-K during the quarter ended September 30, 2002

### Item 14. 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 Annual Report on Form 10-KSB, 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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Consolidated Statements of Cash Flows for the Years Ended  
September 30, 2002 and 2001

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Notes to Consolidated Financial Statements

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## Independent Auditors' Report

The Board of Directors and Stockholders  
GreenMan Technologies, Inc.  
Lynnfield, Massachusetts

We have audited the accompanying consolidated balance sheets of GreenMan Technologies, Inc. and subsidiaries as of September 30, 2002 and 2001 and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 audits provide 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, 2002 and 2001 and the results of their operations and cash flows for the years 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  
November 21, 2002

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GreenMan Technologies, Inc.  
Consolidated Balance Sheets

September  
2002  
-----

ASSETS

Current assets:

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Cash and cash equivalents .....	\$ 780,497
Accounts receivable, trade, less allowance for doubtful accounts of \$196,920 and \$118,586 as of September 30, 2002 and 2001 .....	4,072,535
Equipment held for sale .....	213,333
Product inventory .....	133,530
Other current assets .....	1,151,923
	-----
Total current assets .....	6,351,818
	-----
Property, plant and equipment, net .....	10,845,337
	-----
Other assets:	
Deferred loan costs .....	313,603
Goodwill, net .....	3,413,894
Customer relationship intangibles, net .....	247,475
Note receivable .....	200,000
Other .....	581,117
	-----
Total other assets .....	4,756,089
	-----
	\$ 21,953,244
	-----
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Notes payable, current .....	\$ 2,743,187
Accounts payable .....	2,576,647
Accrued expenses, other .....	1,184,261
Obligations under capital leases, current .....	345,090
	-----
Total current liabilities .....	6,849,185
Notes payable, related party .....	575,000
Notes payable, non-current portion .....	6,789,932
Obligations under capital leases, non-current portion .....	2,176,000
	-----
Total liabilities .....	16,390,117
	-----
Stockholders' equity:	
Preferred stock, \$1.00 par value, 1,000,000 shares authorized:	
Class B convertible, liquidation value \$10 per share, 0 and 320,000 shares issued and outstanding at September 30, 2002 and 2001 ..	--
Common stock, \$.01 par value, 20,000,000 shares authorized; 15,654,665 and 13,648,231 shares issued and outstanding at September 30, 2002 and 2001 .....	156,547
Additional paid-in capital .....	28,473,710
Accumulated deficit .....	(23,022,130)
Notes receivable, common stock .....	(45,000)
	-----
Total stockholders' equity .....	5,563,127
	-----
	\$ 21,953,244
	=====

See accompanying notes to consolidated financial statements.

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## Consolidated Statements of Income

	Years Ended September 30, 2002	2001
	-----	-----
Net sales .....	\$ 27,451,633	\$ 21,753,070
Cost of sales .....	21,197,009	16,760,618
	-----	-----
Gross profit .....	6,254,624	4,992,452
Operating expenses:		
Selling, general and administrative .....	4,398,146	3,503,865
	-----	-----
Operating income .....	1,856,478	1,488,587
	-----	-----
Other income (expense):		
Interest and financing costs, net .....	(1,231,248)	(1,002,758)
Other, net .....	10,468	345,622
Casualty loss .....	--	(155,000)
Forgiveness of indebtedness .....	177,929	172,776
	-----	-----
Other (expense), net .....	(1,042,851)	(639,360)
	-----	-----
Net income before income taxes .....	813,627	849,227
Benefit (provision) for income taxes .....	204,400	(46,000)
	-----	-----
Net income .....	\$ 1,018,027	\$ 803,227
	=====	=====
Net income per share - basic .....	\$ 0.07	\$ 0.06
	=====	=====
Net income per share - diluted .....	\$ 0.06	\$ 0.06
	=====	=====
Weighted average shares outstanding - basic ....	14,586,538	13,464,943
	=====	=====
Weighted average shares outstanding - diluted ..	16,624,109	13,493,165
	=====	=====

See accompanying notes to consolidated financial statements.

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### GreenMan Technologies, Inc. Consolidated Statements of Changes in Stockholders' Equity Years Ended September 30, 2002 and 2001

Preferred Stock		Common Stock		Additional	Acc
Shares	Amount	Shares	Amount	Paid-In Capital	D

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Balance, September 30, 2000 ..	320,000	\$ 3,200,000	13,348,231	\$133,482	\$23,560,072	\$(24,000,000)
Common stock issued for business combinations .....	--	--	200,000	2,000	70,000	--
Common stock issued for services rendered .....	--	--	100,000	1,000	29,000	--
Net income for the year ended September 30, 2001 .....	--	--	--	--	--	--
Balance, September 30, 2001 ..	320,000	\$ 3,200,000	13,648,231	136,482	23,659,072	(24,000,000)
Repurchase of preferred stock .....	(320,000)	(3,200,000)	100,000	1,000	1,699,000	--
Common stock issued for business acquisitions .....	--	--	191,778	1,918	334,242	--
Common stock issued in connection with partial conversion of note payable .	--	--	300,000	3,000	747,000	--
Common stock issued upon exercise of options .....	--	--	54,313	543	46,397	--
Common stock and warrants issued in connection with service agreement .....	--	--	30,000	300	47,700	--
Sale of common stock .....	--	--	1,330,343	13,304	1,940,299	--
Repayment of notes receivable, common stock .....	--	--	--	--	--	--
Net income for the year ended September 30, 2002 .....	--	--	--	--	--	1
Balance, September 30, 2002 ..	--	\$ --	15,654,665	\$156,547	\$28,473,710	\$(24,000,000)

See accompanying notes to consolidated financial statements.

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GreenMan Technologies, Inc.  
Consolidated Statements of Cash Flows

	Years Ended September 30,	
	2002	2001
	-----	-----
Cash flows from operating activities:		
Net income .....	\$ 1,018,027	\$ 803,227
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization .....	1,859,815	1,808,648
Loss on disposal of property, plant and equipment .....	730	68,372
Amortization of deferred loan costs .....	88,765	93,514
Deferred income tax benefit .....	(270,000)	--
Common stock and warrants issued for services .....	24,000	30,000
Forgiveness of indebtedness .....	(177,929)	(172,776)
Decrease (increase) in assets:		
Accounts receivable .....	(526,189)	(1,074,003)
Product inventory .....	(54,564)	--

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Other current assets .....	(29,183)	(120,145)
Increase (decrease) in liabilities:		
Accounts payable .....	27,398	355,724
Accrued expenses .....	66,504	(422,654)
	-----	-----
Net cash provided by operating activities .....	2,027,374	1,369,907
	-----	-----
Cash flows from investing activities:		
Purchase of property and equipment .....	(2,022,472)	(1,964,845)
Increase to work in progress .....	(848,515)	--
Proceeds on sale of property and equipment and other assets ..	180,000	1,388,007
Acquisition of businesses, net of cash acquired .....	(608,437)	(53,728)
(Increase) decrease in other assets .....	(263,708)	(303,339)
	-----	-----
Net cash (used for) investing activities .....	(3,563,132)	(933,905)
	-----	-----
Cash flows from financing activities:		
Deferred financing costs .....	(28,405)	(427,226)
Proceeds from notes payable .....	836,157	5,813,528
Repayment of notes payable .....	(1,350,468)	(4,558,541)
Net advances (repayments) under line of credit .....	736,146	(879,147)
Net proceeds from notes payable, related party .....	--	200,000
Repayment of notes receivable, related party .....	10,000	--
Principal payments on obligations under capital leases .....	(315,793)	(209,130)
Cash received upon exercise of stock options .....	46,940	--
Net proceeds on the sale of common stock .....	1,953,603	--
	-----	-----
Net cash provided by (used for) financing activities ....	1,888,180	(60,516)
	-----	-----
Net increase in cash and cash equivalents .....	352,422	375,486
Cash and cash equivalents at beginning of year .....	428,075	52,589
	-----	-----
Cash and cash equivalents at end of year .....	\$ 780,497	\$ 428,075
	=====	=====
Supplemental cash flow information:		
Property and equipment acquired under capital leases .....	\$ 310,139	\$ 1,507,020
Interest paid .....	1,119,035	842,564
Common stock issued in acquisitions .....	336,160	72,000
Debt issued in acquisitions .....	1,866,410	--
Repurchase of preferred stock for note payable .....	1,500,000	0
Common stock issued on conversion of notes payable .....	750,000	0

See accompanying notes to consolidated financial statements.

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GreenMan Technologies, Inc.  
Notes To Consolidated Financial Statements

### 1. Summary of Significant Accounting Policies

#### Business

GreenMan Technologies, Inc. ("GreenMan" or the "Company") was founded in 1992 and today comprises a group of eight affiliated companies that collect, process and market scrap tires in whole, shredded or granule form. We are headquartered in Lynnfield, Massachusetts and currently operate size reduction operations in Georgia, Minnesota, Iowa, Wisconsin, California and Oklahoma and

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operate under exclusive agreements to supply whole tires to cement kilns located in Tennessee, Georgia, Illinois, Oklahoma, Florida and Texas.

### 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.

### Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recorded during the reporting period. Actual results could differ from those estimates. Such estimates relate primarily to the estimated lives of property and equipment, the value of goodwill and other intangible assets, the valuation reserve on deferred taxes and the value of equity instruments issued. The amount that may be ultimately realized from equipment held for sale, notes receivable and other assets and liabilities could differ materially from the values recorded in the accompanying financial statements as of September 30, 2002.

### Cash Equivalents

Cash equivalents include short-term investments with original maturities of three months or less.

### Product Inventory

Inventory consists of crumb rubber and is valued at the lower of cost or market on a first-in first-out (FIFO) method.

### Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization expense is provided on the straight-line method. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred. Significant improvements and major renewals that extend the useful life of equipment are capitalized.

### Deferred Loan Costs

Deferred loan costs represent costs incurred in connection with securing financing for wholly owned subsidiaries in Minnesota, Iowa and Georgia. The amount is amortized to expense over the life of the related notes payable.

### Revenue Recognition

GreenMan has two sources of revenue: processing revenue that is derived from the collection, transportation and processing of scrap tires and product revenue that is derived from the sale of tire chips, crumb rubber and steel. Revenues from product sales are recognized when the products are shipped and collectability is reasonably assured. Revenues derived from the collection, transporting and processing of tires are recognized when processing of the tires has been completed.

### Income Taxes

Deferred tax assets and liabilities are recorded for temporary differences

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between the financial statement and tax bases of assets and liabilities using the currently enacted income tax rates expected to be in effect when the taxes are actually paid or recovered. A deferred tax asset is also recorded for net operating loss and tax credit carryforwards to the extent their realization is more likely than not. The deferred tax (benefit) expense for the period represents the change in the deferred tax asset or liability from the beginning to the end of the period.

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### GreenMan Technologies, Inc. Notes To Consolidated Financial Statements

#### 1. Summary of Significant Accounting Policies - (Continued)

##### Stock-Based Compensation

Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation", encourages all entities to adopt a fair value based method of accounting for employee stock compensation plans, whereby compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. However, it also allows an entity to continue to measure compensation cost of those plans using the intrinsic value based method of accounting prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", whereby compensation cost is the excess, if any, of the quoted market price of the stock at the grant date (or other measurement date) over the amount an employee must pay to acquire the stock. Stock options issued under GreenMan's stock option plans generally have no intrinsic value at the grant date, and under Accounting Principles Board Opinion No. 25 no compensation cost is recognized for them. GreenMan has elected to continue to apply the accounting in Accounting Principles Board Opinion No. 25 and, as a result, has provided pro forma disclosures of net income and earnings per share and other disclosures, as if the fair value based method of accounting had been applied. The pro forma disclosures include the effects of all awards granted after May 31, 1995.

##### Impairment of Long Lived Assets and Assets to be Disposed Of

Management continually reviews long-lived assets, goodwill and certain identifiable intangibles to evaluate whether events or changes in circumstances indicate an impairment of carrying value. Such reviews include an analysis of current results and take into consideration the discounted value of projected operating cash flows (earnings before interest, taxes, depreciation and amortization). An impairment charge would be recognized when expected future operating cash flows are lower than the carrying value of the assets.

##### Net Income Per Share

Basic earnings per share represents income available to common stock 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. The assumed conversion of outstanding dilutive stock options, warrants and preferred stock would increase the shares outstanding but would not require an adjustment to income as a result of the conversion.

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Net income per common share have been computed based on the following:

	Year Ended September 30, 2002	Year Ended September 30, 2001
Net income applicable to common stock .....	\$ 1,018,027	\$ 803,227
	=====	=====
Average number of common shares outstanding .....	14,586,538	13,464,943
Effect of dilutive options .....	2,037,571	28,222
	-----	-----
Average number of common shares outstanding used to calculate diluted net income per share .....	16,624,109	13,493,165
	=====	=====

### New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard (SFAS) No. 141, "Business Combinations" and 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 September 30, 2002, GreenMan has net unamortized goodwill of \$3,413,894 and goodwill amortization expense of \$196,404 for the year ended September 30, 2001.

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GreenMan Technologies, Inc.  
Notes To Consolidated Financial Statements

#### 1. Summary of Significant Accounting Policies - (Continued)

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. This statement 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. This statement 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 will adopt SFAS No. 144 in the first quarter of fiscal 2003 and does not expect the adoption of SFAS No. 143, 144 or 146 to impact its financial position and results of operations.



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### 2. Acquisition of Businesses

Effective on April 1, 2001, Technical Tire Recycling, Inc., ("TTRI"), a newly formed wholly owned subsidiary of GreenMan, acquired the net operations of Tennessee Tire Recyclers, Inc. TTRI is a Tennessee based company which procures whole scrap tires to be used as an alternative fuel to several of the largest cement companies in North America.

On January 1, 2002 GreenMan Technologies of Wisconsin, Inc. ("GreenMan Technologies of Wisconsin"), a newly formed wholly-owned subsidiary of GreenMan Technologies of Minnesota, acquired the operations and certain processing equipment of An-Gun, Inc. ("An-Gun"), a Wisconsin based company in the business of collecting, processing and marketing of scrap tires.

On April 4, 2002 GreenMan Technologies of Iowa, Inc. ("GreenMan Technologies of Iowa"), a newly formed wholly-owned subsidiary of GreenMan acquired the Iowa based tire collection and processing operations of Utah Tire Recyclers, Inc. ("UT").

On July 1, 2002 GreenMan Technologies of California, Inc. ("GreenMan Technologies of California"), a newly formed wholly-owned subsidiary of GreenMan acquired the outstanding common stock of Unlimited Tire Technologies, Inc. ("UTT"), an Azusa, California based company in the business of collecting, processing and marketing of scrap tires.

The above fiscal 2001 acquisition was accounted for as a purchase and accordingly the results of operations are included in the consolidated financial statements since the date of acquisition. The aggregate consideration, exclusive of debt assumed for the acquisition consisted of \$75,000 in cash, 200,000 shares of unregistered shares of GreenMan common stock valued at \$72,000 and the issuance of \$180,000 of long term debt. The total consideration paid exceeded the fair value of the net assets acquired resulting in the recognition of \$942,000 of goodwill. In 2001, goodwill was being amortized over an estimated useful life of 20 years on a straight-line basis (See new accounting pronouncements in Note 1). Total goodwill amortization expense for the year ended September 30, 2001 was \$196,354.

The above fiscal 2002 acquisitions were accounted for as purchases and accordingly the results of operations are included in the consolidated financial statements since the date of each acquisition. The aggregate consideration, exclusive of debt assumed for the acquisitions consisted of \$608,437 in cash, 191,778 shares of unregistered shares of GreenMan common stock valued at \$336,160 and the issuance of \$1,866,410 of long term debt. The total consideration paid exceeded the fair value of the net assets acquired by \$1,493,696 resulting in the recognition of \$1,241,696 of goodwill and \$252,000 assigned to customer relationships. Customer relationships are being amortized over an estimated useful life of 20 years on a straight-line basis which will be evaluated annually. Amortization expense associated with customer relationships was \$4,525 for the year ended September 30, 2002. The estimated annual amortization expense for customer relationships is \$12,600.

The changes in the carrying amount of goodwill for the year ended September 30, 2002, are as follows:

Balance as of September 30, 2001.....	\$2,172,198
Goodwill acquired during the year.....	1,241,696
	-----
Balance as of September 30, 2002.....	\$3,413,894
	=====

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The following represents what net income and net income per share would have been in the periods presented exclusive of amortization expense for goodwill, which is no longer being amortized:

	Year Ended September 30, 2002	Year Ended September 30, 2001
	-----	-----
Net income:		
As reported	\$1,018,027	\$803,227
Add back: Goodwill amortization	--	196,354
	-----	-----
Adjusted	\$1,018,027	\$999,581
	=====	=====
Basic earnings per share:		
As reported	\$ 0.07	\$ 0.06
Add back: Goodwill amortization		0.01
	-----	-----
Adjusted	\$ 0.07	\$ 0.07
	=====	=====
Diluted earnings per share:		
As reported	\$ 0.07	\$ 0.06
Add back: Goodwill amortization		0.01
	-----	-----
Adjusted	\$ 0.07	\$ 0.07
	=====	=====

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GreenMan Technologies, Inc.  
Notes To Consolidated Financial Statement

### 3. Formation of Joint Venture

During January 2002 GreenMan Technologies of Oklahoma, Inc., ("GreenMan Technologies of Oklahoma"), a newly formed wholly-owned subsidiary of GreenMan and Able Tire Company, LLC, a Burleson, Texas tire processor and collector, formed a joint venture known as Able Tire of Oklahoma, LLC ("Able Tire of Oklahoma") Able Tire of Oklahoma collects, shreds and markets whole tires to the cement industry. GreenMan Technologies of Oklahoma is the majority owner and has responsibility for finance and administration while Able Tire Company will be responsible for all marketing efforts and operational management. The results of operations of Able Tire of Oklahoma are included in the consolidated financial statements since January 2002

### 4. Property, Plant and Equipment

Property, plant and equipment consists of the following:

	September 30, 2002	September 30, 2001	Estimated Useful Lives
	-----	-----	-----
Land .....	\$ 336,365	\$ 336,365	
Buildings .....	2,245,891	1,939,040	10-20 years
Machinery and equipment .....	7,875,139	5,386,636	5-10 years

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Furniture and fixtures .....	169,721	122,617	3-5 years
Motor vehicles .....	5,410,434	3,774,152	3-10 years
Construction work in process .....	848,515	--	
	-----	-----	
	16,886,065	11,558,810	
Less accumulated depreciation			
And amortization .....	(6,040,728)	(4,260,810)	
	-----	-----	
Property, plant and equipment, net ..	\$ 10,845,337	\$ 7,298,000	
	=====	=====	

In April 2001, GreenMan Technologies of Georgia sold all of its land and buildings to a third party for \$1,300,000 and incurred a loss on the sale of approximately \$33,000. GreenMan Technologies of Georgia received \$1,100,000 in cash and a \$200,000 note receivable that bears interest at 8.5% and is due April 2, 2004. The proceeds of the sale were used to repay the GreenMan Technologies of Georgia's portion of the Coast bridge loan of \$812,500 plus accrued interest. (See Note 5). Simultaneous with the sale, GreenMan Technologies of Georgia executed a 20-year lease with the same third party that provides for a monthly rental of \$17,642. The lease can be renewed for four additional 5-year periods and provides GreenMan Technologies of Georgia an option to repurchase the land and buildings at fair market value after the second anniversary of the lease (See Note 7).

During the fourth quarter of fiscal 2002, GreenMan initiated a \$1.5 million equipment upgrade to its Des Moines, Iowa tire processing facility to replace all tire shredders with more efficient, higher volume equipment and to install GreenMan's third waste wire processing equipment line in order to reduce waste wire disposal costs as well as provide the internal capacity to produce rubber feedstock per year for our crumb rubber operations. At September 30, 2002, GreenMan had \$848,515 of work in progress relating to this initiative.

Depreciation and amortization expense for the years ended September 30, 2002 and 2001 was \$1,851,849 and \$1,590,941 respectively.

#### 5. Bank Credit Facility/Notes Payable

In August 1998, GreenMan Technologies of Louisiana's crumb rubber processing facility was severely damaged by a fire, which necessitated the closure of this operation in December 1998. As a result of the fire, certain cryogenic equipment that GreenMan was leasing from Cryopolymers Leasing, Inc. ("Cryopolymers Leasing"), under an October 1997 agreement was destroyed.

On May 14, 1999, GreenMan and Cryopolymers Leasing reached a settlement agreement valued at \$3,255,000, Cryopolymers Leasing agreed to assign to GreenMan all interest in and to any additional insurance proceeds to be received as a result of the August 21, 1998 fire; transfer ownership of some additional cryogenic rubber recycling equipment to GreenMan; and withdraw from all legal proceedings against GreenMan. As part of the settlement agreement, GreenMan issued a \$1,100,000 sixty month note payable, bearing interest at 7.75% with monthly payments of \$7,553 and a balloon payment due June 2004. The \$1,100,000 note payable is personally guaranteed by three officers of GreenMan.

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### 5. Bank Credit Facility/Notes Payable - (Continued)

On January 31, 2001 GreenMan Technologies of Minnesota and GreenMan Technologies of Georgia, collectively secured a \$7 million five-year, asset-based credit facility (the "Credit Facility") from Coast Business Credit ("Coast"). The Credit Facility consisted of approximately \$3 million of term loans secured by machinery and equipment, approximately \$1.6 million of bridge loans secured by all real estate of the entities and a working capital line of credit of up to \$2.3 million secured by eligible accounts receivable, as defined.

As of September 30, 2002 there was \$893,670 outstanding under the working capital line of credit. The obligations under the Credit Facility are guaranteed by GreenMan and contain certain minimum reporting requirements and certain restrictions on intercompany cash transactions. GreenMan is in compliance with all requirements at September 30, 2002.

GreenMan used the proceeds from the Credit Facility to repay the balance of approximately \$3,372,000, including interest, due Finvoa Capital under GreenMan's previous credit facility. GreenMan also incurred approximately \$346,000 of deferred loan costs associated with securing the Credit Facility. These deferred charges are being amortized over the life of the term notes. Amortization expense was \$77,575 and \$84,014 for years ended September 30, 2002 and 2001, respectively.

On March 29, 2001, GreenMan Technologies of Minnesota executed a five-year, \$950,000 secured term note (secured with all Minnesota real estate) with Bremer Business Finance Corporation, ("Bremer") payable in monthly installments including interest at prime plus 2.75% for the first 36 months and then prime plus 2.25% until maturity based on a 15 year amortization. The proceeds of the term notes were used to repay the GreenMan Technologies of Minnesota portion of the Coast bridge loan of \$822,250, including interest. GreenMan Technologies of Minnesota incurred \$50,000 of deferred loan costs associated with the transaction, which is being amortized over the life of the term note. Amortization of deferred charges for the year ended was \$8,340 and \$5,000 for the years ended September 30, 2002 and 2001, respectively.

In connection with the February 14, 2002, repurchase and retirement of all of the Class B convertible Preferred Stock held by Republic Services of Georgia, Limited Partnership ("RSLP") (as successor to United Waste Services, Inc.), GreenMan issued a \$1,500,000 promissory note bearing interest at 10% and due in February 2007 and 100,000 shares of common stock valued at \$1.60 per share on the date of issuance (See Note 9).

On May 6, 2002, RSLP converted \$750,000 of the principal amount of the February 14, 2002 promissory note into 300,000 unregistered shares of GreenMan common stock valued at \$750,000. GreenMan issued RSLP a promissory note in the principal amount of \$743,750 bearing interest at 10% and due in March 2007.

On April 4, 2002, GreenMan Technologies of Iowa executed a five-year, \$1,185,000 secured term note and a \$300,000 line of credit (secured with all assets of GreenMan Technologies of Iowa) with First American Bank ("First American"), payable in installments of \$23,735, with a final payment of unpaid principal and accrued interest on April 1, 2007. The term note bears interest at 7.5% and the line of credit bears interest a prime rate plus 1.00% (5.75% at September 30, 2002). The proceeds of this term note were used in connection with the acquisition of UT. GreenMan Technologies of Iowa incurred \$28,404 of deferred loan costs associated with the transaction, which are being amortized over the life of the term note. Amortization of deferred charges for the year ended September 30, 2002 was \$2,850.

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GreenMan Technologies, Inc.  
Notes To Consolidated Financial Statements

5. Bank Credit Facility/Notes Payable - (Continued)

Notes payable consists of the following at:

Term note payable, Cryopolymers Leasing, guaranteed by three officers, due in monthly installments of \$7,553 including interest at 7.75% with the remaining principal balance due June 2004 .....	
Line of credit, Coast, secured by eligible accounts receivable of GreenMan Technologies of Minnesota and GreenMan Technologies of Georgia, guaranteed by GreenMan, and bearing interest at prime plus 2.0% (6.75% at September 30, 2002) .....	
Line of credit, First American, secured by all assets of GreenMan Technologies of Iowa, bearing interest at prime plus 1.0% (5.75% at September 30, 2002) .....	
Term note payable, Coast, secured by machinery and equipment of GreenMan Technologies of Minnesota and GreenMan Technologies of Georgia, guaranteed by GreenMan, due in monthly installments of \$34,067 including interest at prime plus 2.5% (7.25% at September 30, 2002) ...	
Term note payable, Coast, secured by machinery and equipment acquired under the machinery and equipment line of credit, guaranteed by GreenMan, due in monthly installments of \$13,283 including interest at prime plus 2.5% (7.25% at September 30, 2002) .....	
Term note payable, Bremer, secured by real estate of GreenMan Technologies of Minnesota, due in monthly installments of \$10,649 including interest at prime plus 2.75% (7.50% at September 30, 2002) for 36 months then prime plus 2.25% .....	
Term note payable, Republic Services of Georgia, LP, (Note 9) due in monthly installments of \$3,125 plus interest at 10% with the remaining principal balance due May 2007 .....	
Term note payable, First American, secured by assets of GreenMan Technologies of Iowa, due in monthly installments of \$23,735 including interest at 7.5% with the remaining principal balance due April 2007 .....	
Term note payable, State of Iowa, secured by certain assets of GreenMan Technologies of Iowa, due in quarterly installments of \$ 8,449 including interest at 1.5% with the remaining principal balance due November 2012 .....	
Term note payable, Sun Country Bank, secured by all assets of GreenMan Technologies of California, due in monthly installments of \$6,607 including interest at 5.75% with the remaining principal balance due March 2011 .....	
Other term notes payable and assessments, secured by various equipment and requiring monthly installments at interest rates ranging from 2% to 12% and terms ranging from 1 year to 5 years .....	
Less current portion .....	
Notes payable, non-current portion .....	

The following is a summary of maturities of notes payable at September 30, 2002:

Years Ending September 30, -----	
2003 .....	\$2,743,187
2004 .....	2,562,830
2005 .....	1,378,476

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2006 .....	1,660,082
2007 .....	736,948
2008 and thereafter.....	451,596
	-----
	\$9,533,119
	=====

Interest expense on the lines of credit and notes payable for the years ended September 30, 2002 and 2001 amounted to \$842,376 and \$665,082, respectively.

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### GreenMan Technologies, Inc. Notes To Consolidated Financial Statements

#### 6. Notes Payable-Related Party

Notes Payable, Related Party consists of the following:

##### Convertible Notes Payable-Related Party

As of September 30, 2002, a director of GreenMan is owed \$375,000 under the terms of an October 1999 private offering of 10% convertible notes payable and warrants. GreenMan issued to the director immediately exercisable five year warrants to purchase 125,000 shares of common stock at exercise prices ranging from \$.31 to \$.50 per share and has granted piggy-back registration rights to register the underlying shares of common stock. The original maturity date of the convertible notes payable were twelve months after issuance and are payable in cash or unregistered common stock at a conversion price of \$1.00 per share. In September 2000 and June 2001 the director agreed to extend the maturity date of each note for an additional twelve months from their original maturity. In return for the June 2001 extension, GreenMan agreed to reduce the conversion price to \$.75 per share. In September 2002, the director again agreed to extend the maturity of each note for an additional twenty four months from their extended maturity dates.

##### Note Payable-Related Party

In November 2000, GreenMan borrowed \$200,000 from the same director who holds the convertible notes referred to above. This unsecured note payable bears interest at 12% per annum with interest due monthly and the principal due originally in November 2001. In June 2001, the director agreed to extend the maturity date of the note for an additional twelve months from its original maturity. In September 2002, the director agreed to extend the maturity of the note for an additional twenty four months or until November 2004.

Total interest expense for related party notes was \$62,250 and \$59,122, for the years ended September 30, 2002 and 2001, respectively.

#### 7. Capital Leases

GreenMan leases land, buildings and machinery and equipment with a cost of \$3,052,303 and \$2,472,703 under capital lease agreements at September 30, 2002 and 2001, respectively. Accumulated amortization amounted to \$565,480 and \$371,589 at September 30, 2002 and 2001, respectively. Amortization expense for the years ended September 30, 2002 and 2001 amounted to \$193,891 and \$239,595 respectively.

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In April 2001, GreenMan Technologies of Georgia leased back their property under a 20-year lease requiring a monthly rental of \$17,642. The lease can be renewed for four additional 5-year periods and provides GreenMan Technologies of Georgia an option to repurchase the land and buildings at fair market value after the second anniversary of the lease. The lease has been classified as a capital lease with a value of \$1,300,000. (See Note 4).

In September 1999, GreenMan Technologies of Georgia entered into a five-year equipment lease with a company co-owned by an officer. Under the terms of the lease, GreenMan Technologies of Georgia is required to pay \$6,421 per month rental and has the ability to apply 85% of all payments towards the purchase of the equipment. In August 2002 GreenMan Technologies of Georgia exercised its option to acquire the equipment.

In July 2002, GreenMan Technologies of Minnesota entered into a four-year equipment lease with a company co-owned by an officer. Under the terms of the lease, GreenMan Technologies of Minnesota is required to pay \$4,394 per month rental and has the ability to purchase the equipment at the end of the lease at approximately 40% of original value. The lease is classified as a capital lease at September 30, 2002 with an equipment value of \$146,670.

In August 1999, GreenMan Technologies of South Carolina entered into a five-year equipment lease agreement. Under the terms of the lease GreenMan Technologies of South Carolina is required to pay \$12,234 per month rental. In March 2000, the leased equipment was transferred to GreenMan Technologies of Minnesota, which assumed responsibility for all future lease obligations. The lease is classified as a capital lease with an equipment value of \$610,973.

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GreenMan Technologies, Inc.  
Notes To Consolidated Financial Statements

### 7. Capital Leases - (Continued)

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of net minimum lease payments at September 30, 2002:

Years Ending September 30, -----	
2003 .....	\$ 679,531
2004 .....	667,297
2005 .....	498,478
2006.....	462,340
2007.....	251,285
2008 and thereafter.....	3,172,225
	-----
Total minimum lease payments .....	5,731,156
Less amount representing interest ..	(3,210,066)
	-----
Present value of minimum lease payments	\$ 2,521,090
	=====

Interest expense on capital leases for the years ended September 30, 2002 and 2001 was \$326,264 and \$278,552, respectively.

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### 8. Commitments and Contingencies

#### Employment Agreements

GreenMan has employment agreements with three officers, which provide for base salaries, participation in employee benefit programs and severance payments for termination without cause.

#### Rental Agreements

GreenMan rents several pieces of equipment on a monthly basis from a company co-owned by an officer. Rent expense for the years ended September 30, 2002 and 2001 was \$335,040 and \$328,012 respectively.

GreenMan Technologies of Iowa leases a facility located on approximately 4 acres of land under a 36-month lease for \$5,000 per month. The lease can be renewed for two additional one year periods and provides GreenMan Technologies of Iowa a right of first refusal to purchase the land and buildings during the term of the lease.

GreenMan Technologies of Wisconsin leases a facility located on approximately 4 acres of land under a 36-month lease for \$3,600 per month. At the end of the lease GreenMan of Wisconsin has the option to purchase the land and building for \$350,000, with a portion of the lease payments being credited towards the purchase price.

GreenMan Technologies of California leases approximately 45,000 square feet of a building situated on approximately 1.5 acres of land for \$1,250 per month. The lease expires in April 2007, with an option to extend the lease for an additional five years.

Future annual rent commitments under the above real estate leases are as follows: 2003 - \$118,200; 2004 - \$118,200; 2005 - \$55,800; 2006 - \$15,000 and 2007 - \$11,250. Rent expense for these lease agreements for the year ended September 30, 2002 was \$66,150.

#### Litigation

In August 1998, GreenMan Technologies of Louisiana's crumb rubber processing facility was severely damaged by a fire, which necessitated the closure of this operation in December 1998. In November 1998 St. Francisville Industrial Park, Inc. commenced an action against GreenMan alleging that as a result of the negligence of GreenMan or one of its affiliates, a building which was being leased by GreenMan Technologies of Louisiana as successor in interest to a lease between St. Francisville Industrial Park, as lessor, and Cryopolymers, Inc., as lessee, burned and was damaged in the August 1998 fire at GreenMan Technologies of Louisiana. St. Francisville Industrial Park sought \$505,500 for damages to the building and rent from the date of the fire through December 31, 1998.

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GreenMan Technologies, Inc.  
Notes To Consolidated Financial Statements

### 8. Commitments and Contingencies - (Continued)

In March 2001 in lieu of incurring the potential costs associated with protracted litigation of this matter, management reached a settlement agreement whereby St. Francisville Industrial Park agreed to accept \$200,000 in full



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settlement of all alleged claims. GreenMan's insurance company contributed \$45,000 towards the settlement. GreenMan recorded a casualty loss of \$155,000 in the year ended September 30, 2001.

As previously reported, in October 2001, GreenMan commenced an action in the Supreme Court of the State of New York, County of Albany, against Acorn Processing, Inc. and TransWorld Equipment Sales, Inc. seeking the return of certain cryogenic equipment or a payment of \$550,000. In November 2001 Acorn Processing filed several counterclaims against GreenMan and TransWorld, seeking damages of \$250,000.

In May 2002 GreenMan agreed to settle all of these claims in return for a payment of \$180,000. GreenMan received the \$180,000 payment on June 6, 2002 and all legal proceedings have been terminated.

### 9. Stockholders' Equity

#### Repurchase of Class B Convertible Preferred Stock

On February 14, 2002, GreenMan repurchased and retired all of the Class B convertible Preferred Stock held by Republic Services of Georgia, Limited Partnership ("RSLP") (as successor to United Waste Services, Inc.) for a \$1,500,000 promissory note bearing interest at 10% and due in February 2007 and 100,000 shares of common stock valued at \$1.60 per share on the date of issuance. The difference between the liquidation value of the preferred stock and the consideration given has been credited to paid-in-capital.

On May 6, 2002, RSLP converted \$750,000 of the principal amount of the February 14, 2002 promissory note into 300,000 unregistered shares of GreenMan common stock valued at \$750,000. GreenMan issued RSLP a promissory note for the remaining balance on the February 14, 2002 promissory note in the principal amount of \$743,750 bearing interest at 10% and due in March 2007.

#### 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 September 30, 2002 the Company sold 1,330,343 shares of unregistered common stock to investors, including existing shareholders, for gross proceeds of \$1,953,603. 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.

#### Other Common Stock Transactions

In July 2001, the Board of Directors approved the issuance of 100,000 shares of unregistered GreenMan common stock to certain employees in recognition of past services and recorded a \$30,000 expense (assigned fair value based on closing bid price) associated with the issuance of these shares during the year ended September 30, 2001.

On April 1, 2002, GreenMan executed a one year financial consulting agreement with a third party. In exchange for services to be provided, GreenMan agreed to (1) issue 30,000 shares of unregistered common stock which vest over the term of the agreement (valued at \$37,000); (2) issue warrants to purchase 150,000 shares of common stock (valued at \$11,000) exercisable commencing in April 2002 through April 2005 at prices ranging from \$2.25 to \$4.50 per share.

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GreenMan Technologies, Inc.  
Notes To Consolidated Financial Statements

9. Stockholders' Equity - (Continued)

Stock Option Plan

The 1993 Stock Option Plan was established to provide stock options to employees, officers, directors and consultants. On March 29, 2001, the stockholders approved an increase to the number of shares authorized under the Plan to 3,000,000.

The Board of Directors will grant options and establish the terms of the grant in accordance with the provisions of the 1993 Stock Option Plan. Stock options granted are summarized as follows:

	Year Ended September 30, 2002		Year Ended September 30, 2001	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of period .....	1,962,000	\$ 0.89	2,002,000	\$ 0.89
Granted .....	255,000	1.27	300,000	.40
Canceled .....	(102,800)	.76	(340,000)	1.42
Exercised .....	(1,200)	1.09	--	--
	-----		-----	
Outstanding at end of period .....	2,113,000	.94	1,962,000	.85
	=====		=====	
Exercisable at end of period .....	1,201,800	.97	813,600	1.12
	=====		=====	
Reserved for future grants at end of period ...	876,880		1,030,280	
	=====		=====	
Weighted average fair value of options granted during the period .....		\$ 0.78		\$ 0.11

Information pertaining to options outstanding under the plan at September 30, 2002 is as follows:

Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$ .38 - .53	798,000	7.4	\$ .48	365,400	\$ .50
\$ .81 - 1.09	1,155,000	6.2	.97	791,400	1.00
\$ 1.35	5,000	1.6	1.35	5,000	1.35
\$ 1.50 - 4.70	155,000	8.1	2.53	40,000	4.70
	-----			-----	
	2,113,000	6.8	\$ .90	1,201,800	\$0.97
	=====			=====	

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### Non-Employee Director Stock Option Plan

Under the terms of the 1996 Non-Employee Director Stock Option Plan on a non-employee director's initial election to the Board of Directors, they are automatically granted an option to purchase 2,000 shares of the common stock. Each person who was a member of the Board of Directors on January 24, 1996, and was not an officer or employee, was automatically granted an option to purchase 2,000 shares of common stock. In addition, after an individual's initial election to the Board of Directors, any director who is not an officer or employee and who continues to serve as a director will automatically be granted, on the date of the annual meeting of stockholders, an option to purchase an additional 2,000 shares of common stock. The exercise price per share of options granted under the Non-Employee Director Stock Option Plan is 100% of the fair-market value of the common stock on the business day immediately prior to the date of the grant and is immediately exercisable for a period of ten years from the date of the grant.

The Board of Directors has reserved 60,000 shares of common stock for issuance under this plan and as of September 30, 2002, options to purchase 20,000 shares of common stock, at prices ranging from \$.38 to \$1.60 per share, have been granted. During the years ended September 30, 2002 and 2001, options were granted to purchase 4,000 shares common stock at \$1.60 and \$.38 per share, respectively, exercisable for a period of ten years. The weighted average fair value of the options on the date of grant was \$.42 and \$.09 per share, respectively, for the years ended September 30, 2002 and 2001.

In December 2001, a former director exercised 4,000 non-employee director options to purchase unregistered shares common stock at prices ranging from \$.59 to \$.88 per share. In addition, the former director exercised an additional 4,000 non-employee director options using a net exercise feature, and was issued 241 shares of unregistered common stock.

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GreenMan Technologies, Inc.  
Notes To Consolidated Financial Statements

#### 9. Stockholders' Equity - (Continued)

##### Other Stock Options and Warrants

Information pertaining to all other options and warrants granted and outstanding is as follows:

	Year Ended September 30, 2002		Year Ended September 30, 2001	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of period	2,324,900	\$3.51	2,694,900	\$3.70
Granted	225,000	1.50	--	--
Canceled	(25,000)	.41	(370,000)	1.09
Exercised	(50,000)	.88	--	--

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Outstanding at end of period	----- 2,474,900 =====	3.41	----- 2,324,900 =====	4.12
Exercisable at end of period	----- 1,896,400 =====	4.10	----- 1,701,900 =====	4.44
Weighted average fair value of options granted during the period		\$1.50		\$0.11

Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$ .31 - 1.09	1,792,500	5.2	\$ .86	1,439,000	\$ .88
\$ 1.50 - 4.50	375,000	3.6	2.43	150,000	2.00
\$ 4.85 - 35.00	307,400	1.9	20.21	307,400	20.21
	----- 2,474,900 =====	4.5	\$ 3.50	----- 1,896,400 =====	\$ 4.14

GreenMan applies Accounting Principles Board Opinion No. 25 and related interpretations in accounting for stock options issued to employees and directors. Had the compensation cost for the stock options issued to employees and directors been determined based on the fair value at the grant dates consistent with Statement of Financial Accounting Standards No. 123, the net income and net income per share would have been adjusted to the pro forma amounts indicated below:

	Year Ended September 30, 2002	Year Ended September 30, 2001
Net income:		
As reported	\$1,018,027	\$803,227
Pro forma	808,836	702,810
Net income per share - basic:		
As reported	\$ 0.07	\$ 0.06
Pro forma	\$ 0.06	\$ 0.05
Net income per share - diluted:		
As reported	\$ 0.06	\$ 0.06
Pro forma	\$ 0.05	\$ 0.05

The fair value of each option grant under the 1993 Stock Option Plan and the 1996 Non-Employee Director Stock Option Plan is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants during the years ended September 30, 2002 and 2001: dividend yields of 0%; risk-free interest rates of 3.0% and 5.5% respectively; expected volatility of 50% and expected lives of 5 years.

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GreenMan Technologies, Inc.  
Notes To Consolidated Financial Statements

9. Stockholders' Equity - (Continued)

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### Common Stock Reserved

GreenMan has reserved common stock at September 30, 2002 as follows:

Stock option plans .....	3,040,080
Other stock options .....	1,226,500
Other warrants .....	1,248,400
	-----
	5,514,980
	=====

At September 30, 2002, GreenMan has 20,000,000 shares of authorized common stock of which 15,654,665 shares are outstanding. Approximately 1,490,000 of the shares of common stock reserved above are not issuable at September 30, 2002 pursuant to the terms of certain warrants and options referred to in the above table.

### 10. Employee Benefit Plan

Effective August 1999, GreenMan has implemented a Section 401(k) plan for all eligible employees. Employees are permitted to make elective deferrals of up to 15% of employee compensation and employee contributions to the 401(k) plan are fully vested at all times. GreenMan may make discretionary contributions to the 401(k) plan which become vested over a period of five years. There were no corporate contributions to the 401(k) plan during the years ended September 30, 2002 and 2001.

### 11. Segment Information

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

### 12. Major Customers

During the fiscal years ended September 30, 2002 and 2001, one customer accounted for approximately 10% and 15%, respectively, of GreenMan's consolidated net sales.

### 13. Income Taxes

The provision (benefit) for income taxes was comprised of the following amounts for the years ended:

	September 30, 2002	September 30, 2001
	-----	-----
Current:		
Federal .....	\$ --	\$ --
State .....	65,600	46,000
	-----	-----
	65,600	46,000
	-----	-----
Deferred federal and state taxes .....	(270,000)	--
	-----	-----
Total provision (benefit) for income taxes .	\$(204,400)	\$46,000
	=====	=====

A reconciliation of the statutory federal income tax rate as a percentage of pre-tax income is as follows for the years ended:

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	September 30, 2002	September 30, 2001
	-----	-----
Statutory rate .....	34.0%	34.0%
State income taxes, net of federal benefit ..	5.3	3.6
Benefit derived from net operating loss carryforward not previously provided for ..	(31.2)	(32.2)
Change in valuation reserve on net deferred tax assets .....	(33.2)	--
	-----	-----
Effective tax rate .....	(25.1)%	5.4%
	=====	=====

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GreenMan Technologies, Inc.  
Notes To Consolidated Financial Statements

13. Income Taxes

The current state taxes result from income in states where the Company has no net operating loss carryforwards. The provision (benefit) for deferred income taxes reflect the impact of "temporary differences" between amounts of assets and liabilities recorded for financial reporting purposes and the amounts recorded for income tax reporting purposes.

The significant components of deferred income taxes included in other current assets are as follows:

	September 30, 2002	September 30, 2001
	-----	-----
Net operating loss carryforwards ....	\$ 6,935,000	\$ 7,097,000
Other temporary differences .....	(51,000)	112,000
	-----	-----
Valuation reserve .....	(6,614,000)	(7,209,000)
	-----	-----
Net deferred tax asset .....	\$ 270,000	\$ --
	=====	=====

The change in the valuation reserve is as follows:

	Year Ended September 30, 2002	Year Ended September 30, 2001
	-----	-----
Balance at beginning of period .....	\$ 7,209,000	\$ 7,546,000
Decrease due to expected realization of net operating loss carryforward .....	(270,000)	--
Decrease due to rate differentials and current period operating results .	(325,000)	(337,000)
	-----	-----
Balance at end of period .....	\$ 6,614,000	\$ 7,209,000
	=====	=====

As of September 30, 2001, GreenMan had recorded a full valuation allowance

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on the net operating loss carryforwards and other components of the deferred tax assets based on GreenMan's expected ability to realize the benefit of those assets. In the year ending September 30, 2002, GreenMan reduced the valuation allowance by \$270,000 based on GreenMan's net income before taxes in the year then ending as well as expected net income before income taxes for the next fiscal year. The remaining net operating loss carryforwards and other components of the net deferred tax asset continue to have a full valuation allowance. GreenMan will evaluate the realizability of these deferred tax assets each quarter.

As of September 30, 2002, GreenMan has net operating loss carryforwards of approximately \$17,338,000. The Federal and state net operating loss carryforwards expire in varying amounts beginning in 2008 and 2002, respectively. In addition, GreenMan has Federal tax credit carryforwards of approximately \$17,000 available to reduce future tax liabilities. The Federal tax credit carryforwards expire beginning in 2008. Use of net operating loss and tax credit carryforwards maybe subject to annual limitations based on ownership changes in GreenMan's common stock as defined by the Internal Revenue Code.

### 14. Fair Value of Financial Instruments

At September 30, 2002 and 2001, GreenMan's financial instruments consist of notes payable to banks and others, and convertible notes payable. Notes payable to banks and others approximate their fair values as these instruments were negotiated currently and bear interest at market rates. The fair value of the \$375,000 convertible note payable is approximately \$650,000 and \$375,000 at September 30, 2002 and 2001, respectively based upon the intrinsic value of the conversion feature on those dates (see Note 5).

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### SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, , the Registrant caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GreenMan Technologies, Inc.

/s/ Robert H. Davis

-----  
Robert H. Davis  
Chief Executive Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Signature -----	Title(s) -----	Date ----
/s/ Maurice E. Needham ----- Maurice E. Needham	Chairman of the Board	December 30, 2002
/s/ Robert H. Davis ----- Robert H. Davis	Chief Executive Officer, President and Director	December 30, 2002

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/s/ Charles E. Coppa ----- Charles E. Coppa	Chief Financial Officer, Treasurer and Secretary (Principal Financial Officer and Principal Accounting Officer)	December 30, 2002  December 30, 2002
/s/ Lew F. Boyd ----- Lew F. Boyd	Director	December 30, 2002
/s/ Dr. Allen Kahn ----- Dr. Allen Kahn	Director	December 30, 2002
/s/ Lyle Jensen ----- Lyle Jensen	Director	December 30, 2002

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SECTION 302 CERTIFICATION

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

1. I have reviewed this annual report on Form 10-KSB of GreenMan Technologies, Inc.;
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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 annual 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 annual report (the "Evaluation Date"); and
  - (c) presented in this annual 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



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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 annual 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: December 30, 2002

/s/ Robert H. Davis  
-----  
Robert H. Davis  
President and Chief Executive Officer

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### SECTION 302 CERTIFICATION

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

1. I have reviewed this annual report on Form 10-KSB of GreenMan Technologies, Inc.;
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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 annual report is being prepared;
  - (b) evaluated the effectiveness of the registrant's disclosure controls

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and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

- (c) presented in this annual 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 annual 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: December 30, 2002

/s/ Charles E. Coppa  
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Charles E. Coppa  
Chief Financial Officer and Treasurer