GREENMAN TECHNOLOGIES INC
Form 10QSB
May 23, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

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

For the Quarter Ended March 31, 2006

Commission File Number: 1-13776

GREENMAN TECHNOLOGIES, INC.
(Exact name of small business issuer as specified in its charter)

Delaware	71-0724248
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

7 Kimball Lane, Building A
Lynnfield, Massachusetts 01940
(Address of principal executive offices, including zip code)

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

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

|_| YES |X| NO

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

|_| YES |X| NO

There were 19,998,387 shares outstanding of the issuer's Common Stock, $0.01 par value, at May 22, 2006.

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GreenMan Technologies, Inc.
Form 10-QSB
Quarterly Report

March 31, 2006

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* The financial information at September 30, 2005 has been taken from audited financial statements at that date and should be read in conjunction therewith. All other financial statements are unaudited.

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GREENMAN TECHNOLOGIES, INC.
Consolidated Balance Sheets

	March 31, 2006	Se
ASSETS		
Current assets:		
Cash and cash equivalents	$ 212,590	$
Accounts receivable, trade, less allowance for doubtful accounts of $296,341 and $219,354 as of March 31, 2006 and September 30, 2005	1,705,016	
Product inventory	610,538	
Other current assets	616,897	
Assets related to discontinued operations	69,164	
Total current assets	3,214,205	

Property, plant and equipment, net	5,814,177	
Other assets:		
Deferred loan costs	305,272	
Customer relationship intangibles, net	199,055	
Other	50,255	
Total other assets	554,582	
	$ 9,582,964	$

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:		
Notes payable, current	$ 609,702	$
Notes payable, line of credit	447,740	
Convertible notes payable, current	2,451,360	
Notes payable, related parties, current	125,000	
Convertible notes payable, line of credit	3,326,825	
Accounts payable	2,501,969	
Accrued expenses, other	1,098,254	
Obligations under capital leases, current	136,164	
Liabilities related to discontinued operations	4,091,112	
Total current liabilities	14,788,126	
Notes payable, related parties, non-current portion	699,320	
Notes payable, non-current portion	2,060,951	
Convertible notes payable, non-current portion	1,161,078	
Obligations under capital leases, non-current portion	1,319,119	
Deferred gain on sale leaseback transaction	361,411	
Liabilities related to discontinued operations	565,956	
Total liabilities	20,955,961	
Stockholders' deficit:		
Preferred stock, $1.00 par value, 1,000,000 shares authorized, none outstanding	--	
Common stock, $.01 par value, 40,000,000 shares authorized, 19,225,352 shares issued and outstanding at March 31, 2006 and September 30, 2005	192,253	
Additional paid-in capital	34,853,599	
Accumulated deficit	(46,418,849)	(
Total stockholders'deficit	(11,372,997)	
	$ 9,582,964	$

See accompanying notes to consolidated financial statements.

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GREENMAN TECHNOLOGIES, INC.
Consolidated Statements of Operations

Three Months Ended

	March 31, 2006	March 31, 2005	M
Net sales	$ 3,911,225	$ 4,692,590	$
Cost of sales	3,403,708	4,221,327	
Gross profit	507,517	471,263	
Operating expenses:			
Selling, general and administrative	1,029,893	885,845	
Impairment loss	35,901	--	
	1,065,794	885,845	
Operating income (loss) from continuing operations	(558,277)	(414,582)	
Other income (expense):			
Interest and financing costs	(626,977)	(489,141)	(
Other, net	(82,963)	(99,710)	
Other (expense), net	(709,940)	(588,851)	(
Loss from continuing operations before income taxes	(1,268,217)	(1,003,433)	(
Provision for income taxes	--	--	
Loss from continuing operations	(1,268,217)	(1,003,433)	(
Discontinued operations:	17,043	--	
Gain on disposal of discontinued operations	(29,327)	(884,377)	
Loss from discontinued operations	(12,284)	(884,377)	
Net loss	$ (1,280,501)	$ (1,887,810)	$ (
Loss from continuing operations per share - basic	$ (0.07)	$ (0.05)	$
Loss from discontinued operations per share - basic	--	(0.05)	
Net loss per share - basic	$ (0.07)	$ (0.10)	$
Weighted average shares outstanding - basic and diluted	19,225,352	19,200,352	1

See accompanying notes to unaudited consolidatedfinancial statements.

GREENMAN TECHNOLOGIES, INC.
Unaudited Consolidated Statement of Changes in Stockholders' Deficit
Six Months Ended March 31, 2006

	Common Stock		Additional Paid In	Accumulated
	Shares	Amount	Capital	Deficit

Balance, September 30, 2005...........	19,225,352	$ 192,253	$ 34,853,599	$ (43,732,023
Net loss for the six months ended March 31, 2006.....................	--	--	--	(2,686,826
Balance, March 31, 2006.............	19,225,352	$ 192,253	$ 34,853,599	$ (46,418,849

See accompanying notes to unaudited consolidated financial statements.

GREENMAN TECHNOLOGIES, INC.
Unaudited Consolidated Statements of Cash Flow

	Six Months 2006
Cash flows from operating activities:	
Net loss	$(2,686,82
Adjustments to reconcile net income to net cash provided by operating activities:	
Increase in valuation allowance on deferred tax asset	-
Loss on disposal of property, plant and equipment	130,58
Impairment loss	35,90
Depreciation	797,11
Amortization of non-cash financing costs	963,74
Amortization of customer relationships	7,40
Gain on sale leaseback	(18,22
Decrease (increase) in assets:	
Accounts receivable	2,212,33
Product inventory	(437,49
Other current assets	248,19
Other assets	12,10
Increase (decrease) in liabilities:	
Accounts payable	174,15
Accrued expenses and other	(435,88
Net cash provided by (used for) operating activities	1,003,11
Cash flows from investing activities:	
Purchase of property and equipment	(535,92
Proceeds from the sale of property and equipment	560,33
Net cash provided by (used for) investing activities	24,40
Cash flows from financing activities:	
(Increase) in deferred financing costs	-
Net (payments) advances under line of credit	(172,21
Proceeds from notes payable	77,11
Proceeds from notes payable, related party	125,00
Repayment of notes payable	(515,55
Repayment of convertible notes payable	(125,00
Net (payments) advances on convertible notes payable, line of credit	(468,14
Principal payments on obligations under capital leases	(98,87

Net cash (used for) provided by financing activities	(1,177,67
Net (decrease) in cash and cash equivalents	(150,15
Cash and cash equivalents at beginning of period including $108,724 and $247, respectively, of cash related to discontinued operations	365,21
Cash and cash equivalents at end of period, including $2,473 and $1,650, respectively, of cash related to discontinued operations	$ 215,06
Supplemental cash flow information:	
Shares issued to acquire exclusive purchase option	$ -
Property, plant and equipment acquired under capital leases	15,60
Equipment acquired through transfer of deposits	-
Accounts receivable offset with accounts receivable	152,00
Accounts payable offset with proceeds on sale of discontinued operations	247,00
Interest paid	630,06
Taxes paid	-

See accompanying notes to unaudited interim consolidated financial statements

GREENMAN TECHNOLOGIES, INC.
Notes to Interim Consolidated Financial Statements
Quarters Ended March 31, 2006 and 2005
(Unaudited)

1. Business

GreenMan Technologies, Inc. (together with its subsidiaries "we", "us" or "our") was originally founded in 1992 and has been operated as a Delaware corporation since 1995. Today, we comprise three operating locations that collect, process and market scrap tires in whole, shredded or granular form. We are headquartered in Lynnfield, Massachusetts and currently operate tire processing operations in California, Iowa and Minnesota. 2. Basis of Presentation

The consolidated financial statements include the accounts of GreenMan Technologies, Inc. and our wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

The accompanying interim financial statements are unaudited and should be read in conjunction with the financial statements and notes thereto for the year ended September 30, 2005 included in our Annual Report on Form 10-KSB. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to the Securities and Exchange Commission rules and regulations, although we believe the disclosures which have been made are adequate to make the information presented not misleading, the results of operations for the interim periods reported are not necessarily indicative of those that may be reported for a full year. In our opinion, all adjustments which are necessary for a fair statement of operating results for the interim periods presented have been made. Certain reclassifications have been made to the 2005 interim consolidated financial statements to conform to the current period presentation.

In September 2005, due to the magnitude of continued operating losses, our Board of Directors approved separate plans to divest the operations of our Georgia and Tennessee subsidiaries and dispose of their respective assets.

Accordingly, we have classified their respective results of operations as discontinued operations for all periods presented in the accompanying consolidated financial statements.

Nature of Operations, Risks, and Uncertainties

As of March 31, 2006, we had $212,590 in cash and cash equivalents and a working capital deficiency of $11,573,921. We understand our continued existence is dependent on our ability to generate positive operating cash flow, negotiate more favorable terms with existing secured and unsecured creditors, refinance existing long term debt, secure additional financing and achieve profitable status on a sustained basis. We are presently evaluating several financing alternatives which would allow us to refinance a substantial amount of our short-term secured debt into long-term secured debt to better align debt maturities with our long-term business plan. There can be no assurance, however, that we will be successful in refinancing at favorable terms, if at all. Additionally, we must successfully appeal a determination made by the American Stock Exchange on April 25, 2006 to delist our common stock. We are scheduled for an appeal hearing on June 6, 2006. Pursuant to the Exchange's Company Guide, we expect that the delisting proceeding will be stayed pending the outcome of our appeal and subject to the Exchange's ongoing review of our status. We can provide no assurance, however, that our appeal will be successful or that the Exchange will not suspend trading in our common stock prior to the hearing. A final decision by the Exchange to delist our common stock would substantially limit our stock's liquidity and impair our ability to raise capital. (See Note 11) The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Our liquidity has been significantly and adversely affected by continued operating losses at our Southeastern operations. The divestiture of our Tennessee operation in September 2005 eliminated continued operating losses which aggregated approximately $1.8 million during the fiscal year ended September 30, 2005. In addition, during the quarter ended December 31, 2005, we substantially curtailed operations at our Georgia subsidiary which during the fiscal year ended September 30, 2005 incurred an operating loss of approximately $3.4 million. During the quarter ended March 31, 2006, we completed the sale of substantially all Georgia operating assets to two separate parties and received $405,000 in aggregate cash.

2. Basis of Presentation - (Continued)

The aggregate net loss (including losses from operations and losses on disposal) associated with the discontinued operations of our Georgia subsidiary included in the results for the three and six months ended March 31, 2006 were approximately $12,000 and $759,000, respectively or 28% of our total loss for the six months ended March 31, 2006. The aggregate net losses associated with the discontinued operations of our Tennessee and Georgia subsidiaries included in the results for the three and six months ended March 31, 2005 were approximately $884,000 and $1,964,000, respectively or 47% and 53% of our total loss for the respective periods. The total net loss, including losses from operations and losses on disposal associated with these subsidiaries during the fiscal year ended September 30, 2005 was approximately $11.1 million or 73% of our total loss for the 2005 fiscal year.

We have invested substantial amounts of capital during the past several years in new equipment to increase processing capacity at our Iowa, Minnesota and California locations, as well as consolidating our Wisconsin location into our Minnesota operations during fiscal 2005 to substantially reduce operating costs and maximize our return on assets. Our future operating plan focuses on maximizing the performance of these three operations through our continuing efforts to increase overall quality of revenue (revenue per passenger tire equivalent) while remaining diligent with our ongoing cost reduction initiatives. We will continue to evaluate each operation on its merits and contribution to our business. During fiscal 2005, we completed an evaluation of our corporate-wide inbound collection infrastructure and determined that we would no longer provide certain levels of service and products at existing rates in certain markets and therefore implemented price increases where warranted and terminated service in situations where price increases were not an alternative. As a result, we experienced a 4% increase in overall tipping fees (fees we are paid to collect and dispose of a scrap tire) during fiscal 2005 and an increase of 2% on a year to date basis during fiscal 2006 as compared to the same period during fiscal 2005. While these initiatives reduced our overall inbound tire volume growth rate during fiscal 2005 and thus far during fiscal 2006, we believe they have and will continue to improve our performance through lower labor, parts and maintenance costs. In addition, we continue to identify, and are currently selling product into several new, higher-value markets as evidenced by an 18% increase in end product revenue during fiscal 2005 and a 2% increase on a year to date basis in fiscal 2006. We continue to experience strong demand for our end products.

3. Net Loss Per Share

Basic earnings per share represents income available to common stockholders divided by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects additional common shares that would have been outstanding if potentially 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 us relate to outstanding stock options and warrants (determined using the treasury stock method) and convertible debt. Basic and diluted net loss per share are the same for the three and six months ended March 31, 2006 and 2005, since the effect of the inclusion of all outstanding options, warrants and convertible debt would be anti-dilutive.

4. Discontinued Operations

Due to the magnitude of the continuing operating losses incurred by our Georgia ($3.4 million) and Tennessee ($1.8 million) subsidiaries during fiscal 2005, management determined it to be in the best interest of our company to discontinue all Southeastern operations and dispose of their respective operating assets. A majority of the Tennessee operating losses were due to rapid market share growth within the state by an undercapitalized subsidiary, necessitating us to transport an increasing number of Tennessee scrap tires to our Georgia facility for processing at significant transportation and processing loss. A majority of the Georgia operating losses were due to (1) the negative impact of processing a significant number of Tennessee sourced tires; (2) a change in the specifications of our primary end market customers requiring a smaller product resulting in reduced processing capacity and significantly higher operating costs and (3) equipment reliability issues resulting from aging equipment processing an increasing number of scrap tires.

GREENMAN TECHNOLOGIES, INC.
Notes to Interim Consolidated Financial Statements
Quarters Ended March 31, 2006 and 2005
(Unaudited)

4. Discontinued Operations - (Continued)

On September 6, 2005 we entered into an agreement under which all Tennessee scrap tire collection contracts and certain other contracts with suppliers of waste tires and contracts to supply whole tires to certain cement kilns in the southeastern region of the United States were assigned to a company owned by a former employee. We received no cash consideration for these assignments and recorded a $1,334,849 loss (including a non-cash loss of $918,450 associated with goodwill written off) on disposal of the operations at September 30, 2005. The aggregate net losses including the loss on disposal associated with the discontinued operations of our Tennessee subsidiary included in the results for the three and six months ended March 31, 2005 were approximately $441,000 and $762,000, respectively.

On September 27, 2005, we adopted a plan to dispose of all Georgia operations and during the quarter ended December 31, 2005, we substantially curtailed operations at our Georgia subsidiary. As a result, we wrote down all Georgia operating assets to their estimated fair market value at September 30, 2005 and recorded a loss on disposal of $4,631,102 (including a non-cash loss of $1,253,748 associated with goodwill written off) net of a gain on settlement of our Georgia facility lease of $586,137 (see Note 5). The aggregate net losses including the loss on disposal associated with the discontinued operations of our Georgia subsidiary included in the results for the three and six months ended March 31, 2006 were approximately $12,000 and $759,000, respectively, and $443,000 and $1,202,000, respectively for the three and six months ended March 31,2005. We completed the divestiture of all Georgia operating assets as of March 1, 2006.

On February 17, 2006, we entered into an Asset Purchase Agreement with Tires Into Recycled Energy and Supplies, Inc. ("TIRES") a leading crumb rubber processor in the United States. Under the agreement, we sold and assigned to TIRES certain assets, including (a) certain truck tire processing equipment located at our Georgia facility; (b) certain rights and interests in our contracts with suppliers of scrap truck tires; and (c) certain intangible assets. TIRES agreed to assume all of our rights and obligations under these contracts. In addition, TIRES entered into a sublease agreement with us with respect to part of the premises located in Georgia. As additional consideration, TIRES agreed to terminate several material supply and equipment lease agreements as well as terminating a December 2005 letter of intent between GreenMan and TIRES containing an exclusive option to acquire certain operating assets of TIRES (see Note 6).

On March 1, 2006, we entered into an Asset Purchase Agreement with MTR of Georgia, Inc. ("MTR") a company co-owned by a former employee. Under the agreement, we sold and assigned to MTR certain assets, including (a) certain passenger tire processing equipment located at our Georgia facility; (b) certain rights and interests in our contracts with suppliers of scrap passenger tires; and certain intangible assets. MTR agreed to assume all of our rights and obligations under these contracts. In addition, MTR entered into a sublease agreement with us with respect to part of the premises located in Georgia (See Note 5). We received $250,000 from MTR for these assets. As additional consideration, MTR has agreed to assume financial responsibility for disposing of all scrap tires and scrap tire processing residual at the Georgia facility as of the close.

We agreed with TIRES and MTR not to compete in the business of providing whole tire waste disposal services or selling crumb rubber material (except to our existing customers) within certain Southeastern states for a period of three years.

The major classes of assets and liabilities associated with discontinued operations were:

	March 31, 2006	September 30, 2005
Assets related to discontinued operations:		
Cash	$ 2,473	$ 108,724
Accounts receivable, net	52,686	1,153,269
Equipment held for resale	--	539,332
Other current assets	14,005	236,288
Total assets related to discontinued operations	$ 69,164	$2,037,613

GREENMAN TECHNOLOGIES, INC.
Notes to Interim Consolidated Financial Statements
Quarters Ended March 31, 2006 and 2005
(Unaudited)

4. Discontinued Operations - (Continued)

	March 31, 2006	September 30, 2005
Liabilities related to discontinued operations:		
Accounts payable	$2,950,547	$3,066,596
Notes payable, current	405,726	435,926
Accrued expenses, other	368,894	707,706
Capital leases, current	326,795	326,794
Lease payable, current	39,150	145,000
Total current	4,091,112	4,682,022
Notes payable, non-current	10,956	16,425
Lease payable, non-current	555,000	555,000
Total non-current	565,956	571,425
Total liabilities related to discontinued operations	$4,657,068	$5,253,447

Net sales and (loss) from discontinued operations were as follows:

	Three Months Ended		Six Months Ended	
	March 31,	March 31,	March 31,	Mar

	2006	2005	2006	2
Net sales from discontinued operations	$ 14,363	$ 2,952,960	$ 343,718	$ 5,80
(Loss) from discontinued operations	(12,284)	(884,377)	(758,574)	(1,96

5. Property, Plant and Equipment

Property, plant and equipment consists of the following:

	March 31, 2006	September 30, 2005	Estimated Useful Lives
Buildings and improvements	$ 1,731,279	$ 1,749,907	10 - 20 years
Machinery and equipment	6,993,178	7,401,613	5 - 10 years
Furniture and fixtures	200,152	199,934	3 - 5 years
Motor vehicles	3,497,103	3,598,098	3 - 10 years
Construction in process	345,357	42,638	
	12,767,069	12,992,190	
Less accumulated deprecation and amortization	(6,952,892)	(6,649,938)	
Property, plant and equipment, net ..	$ 5,814,177	$ 6,342,252	

On February 28, 2006, we amended our Georgia lease agreement whereby we obtained the right to terminate the original lease, which had a remaining term of approximately fifteen years, by providing the landlord with six months notice. In the event of such termination, we will be obligated to continue to pay rent until the earlier to occur of (1) the sale by the landlord of the premises; (2) the date on which a new tenant takes over; or (3) three years from the date on which we vacate the property. As a result of the amendment and our decision to dispose of our Georgia operations, we wrote off the unamortized balance of $1,427,053 associated with the leased land and buildings and improvements as a cost of disposal of discontinued operations at September 30, 2005. This loss was partially offset by a $586,137 gain on settlement of the remaining capital lease obligations due and is included in the loss on disposal of discontinued operations at September 30, 2005. (See Note 4)

During the quarter ended March 31, 2006, due to continued operating losses management evaluated the carrying value of certain California equipment and determined that, the carrying value exceeded its estimated fair value based on replacement cost of similar equipment. Therefore, we recorded an impairment loss amounting to $35,901 during the quarter ended March 31, 2006. In addition, we determined that certain equipment was no longer necessary and/or operable and as a result recorded a $73,300 loss on disposal of these assets during the three months ended March 31, 2006.

6. Acquisition Deposit

In August 2004, we executed a non-binding letter of intent and escrow agreement with TIRES. Pursuant to the escrow agreement, we made a "good faith" payment amounting to $350,000, which was to be applied toward the purchase price upon completion of the transaction. On December 8, 2004, we executed a new letter of intent which superseded the August letter of intent in which we (1) leased, with an option to buy, certain pieces of tire processing equipment owned by TIRES (the "Equipment Leases"), (2) entered a material supply agreement (the "MSA") and (3) were granted an exclusive purchase option to acquire additional operating assets of TIRES. The operating leases were executed in January 2005 but became effective in February and March 2005 and provide for aggregate monthly payments of $25,300 over terms ranging from 48 to 60 months.

We also agreed to allow TIRES to retain $101,378 of the "good faith" payment to upgrade it's existing crumb rubber production capacity and have used the remaining $248,622 to prepare and move the leased equipment for our use. Accordingly, during the quarter ended March 31, 2005, the $101,378 was expensed when it was released from escrow and approximately $243,597 had been capitalized and was being amortized over the lease terms which ranged from 48 to 60 months. The remaining balance of $205,306 was written off as a cost of disposal of discontinued operations at September 30, 2005.

The exclusive purchase option to acquire additional operating assets of TIRES was exercisable if predetermined financial performance criteria are met by TIRES during the subsequent fifteen to twenty four month period after December 8, 2004. The ultimate purchase price was to be determined based on those results. In return for the exclusive purchase option, we issued 127,389 shares of our common stock (valued at $200,000) to TIRES. Had we exercised our exclusive purchase option and closed a transaction, the value of the shares would have been applied against the purchase price of the assets. If the exclusive purchase option expired or we decided not to exercise the option, TIRES would retain a sufficient number of our shares to equal $200,000 (as of the date that the purchase option expires) and return the balance of such shares of common stock to us. If at the time the purchase option expired, the value of the shares were less than $200,000, we would have been required to issue a sufficient number of additional shares to equal $200,000. If at the time the purchase option expired, TIRES had not achieved the predetermined financial performance criteria, TIRES would have had to return to us a sufficient number of our shares to equal $200,000 at the time.

In February 2006 in conjunction with the discontinuance of our Georgia operations (See Note 4), we agreed to sell and assign to TIRES (a) certain truck tire processing equipment located at our Georgia facility; (b) certain rights and interests in our contracts with suppliers of scrap truck tires; (c) certain intangible assets; and (d) allowed TIRES to retain the 127,389 shares of our common stock and in return received $155,000 in cash proceeds; agreed to terminate the MSA, Equipment Leases and several other agreements previously executed between the parties in addition to terminating a December 2004 letter of intent and exclusive option. Accordingly, at September 30, 2005, included in loss on disposal of discontinued operations is the $200,000 assigned to the shares of common stock retained by TIRES.

7. Notes Payable/Credit Facilities

Republic Services of Georgia

On May 6, 2002 we issued Republic Services of Georgia, LP ("RSLP") a $743,750 10% promissory note due in March 2007. On July 31, 2005, RSLP agreed to defer all interest and principal payments due, including nine existing past-due payments totaling $76,042 through June 2006 at which time all past due interest and principal payments under the May 6, 2002 promissory note will be incorporated into an a new 10% promissory note, payable in 48 monthly installments commencing July 2006. At March 31, 2006 the unpaid principal and interest amounted to $750,027.

7. Notes Payable/Credit Facilities - (Continued)

First American Credit Facility

On February 13, 2003, our Iowa subsidiary amended its existing term debt with First American under the terms of a five-year, $1,760,857 secured term note. The note is payable in sixty monthly installments of $33,425 and is secured with all Iowa assets. The term note bears interest at 7.5% and the line of credit bears interest at the prime rate plus 1% (8.75% at March 31, 2006). At March 31, 2006, the outstanding principal balance amounted to $499,215.

On February 10, 2005, First American renewed our working capital line until February 10, 2006 (subsequently extended to June 15, 2006) and increased our maximum availability under the line of credit to $800,000. In addition, First American agreed to increase our overall maximum availability by an additional $350,000 to $1,150,000 through June 10, 2005 to coincide with the performance of a significant scrap tire cleanup project which was completed in April 2005.

Laurus Credit Facility

On June 30, 2004, we entered into a $9 million credit facility with Laurus Master Fund, Ltd. ("Laurus"), consisting of a $5 million convertible, revolving working capital line of credit and a $4 million convertible term note. At closing, we borrowed $2 million under the line of credit and $4 million under the term loan. We used the proceeds to repay certain existing debt obligations, financing costs relating to this transaction, and general working capital. On March 22, 2005, the credit facility was amended to (1) permit us to maintain overradvances of up to $2,000,000 under the line of credit through December 31, 2005 (subsequently extended to May 31, 2006); (2) defer certain principal payments on the term note as described below; and (3) reduce the conversion price on the minimum borrowing note and term note as described below.

The line of credit has a three-year term and requires us to maintain a minimum borrowing of $1,000,000. Advances generally bear interest at the prime rate plus 1.0% (8.75% at March 31, 2006), and are convertible into shares of our common stock at the option of Laurus. Except for downward adjustments provided in the credit facility terms described below, the interest rate shall not be below 5%. Amounts advanced under the line are limited to 90% of accounts receivable and 50% of finished goods inventory as defined, subject to certain limitations. Until May 31, 2006 however, we will be permitted to maintain overadvances of up to $2,000,000 under the line of credit. In the event that our outstanding overadvances exceed $2,000,000, or if any overadvance remains outstanding on or after June 1, 2006, the excess or overdue overadvance will bear interest, in addition to that otherwise required, at a rate equal to 2% per month. At March 31, 2006, amounts outstanding under the line amounted to $3,799,849, including permitted overadvances of $1,980,250.

Subject to certain limitations, Laurus has the option to convert the first $1,000,000 of borrowings under the line of credit into our common stock at a revised price of $0.79 (85% of the average closing price of our common stock for the five days immediately preceding March 22, 2005). Each subsequent $1,000,000 of borrowings will be convertible at the higher of $.93 or a 10% premium over the 22-day trailing average closing price computed on each $1,000,000 increment. As a result of the reduction in conversion price pursuant to the terms of the March 22, 2005 amendment, we recorded a beneficial conversion feature of $598,717. The discount was recorded as additional paid-in-capital and was amortized to interest expense through December 31, 2005.

The term note also has a three-year term and bears interest at the greater of prime rate plus 1.0% or 5.0% (8.75% at March 31, 2006), payable monthly. Monthly principal payments of $125,000 over the term of the loan commenced on November 1, 2004; however, the terms of the March 22, 2005 amendment deferred the principal payments otherwise due from December 1, 2004 through June 30, 2005, until the maturity date of the term note, at which time the deferred payments and all other outstanding amounts are due. In addition, Laurus has agreed to defer principal payments otherwise due from November 1, 2005 through May 1, 2006, which will be payable in full at maturity.

7. Notes Payable/Credit Facility - (Continued)

Laurus has the option to convert some or all of the note's principal and interest payments into common stock at a revised fixed conversion price of $.79 on the first $1,000,000 of borrowings, and $.93 on the remaining amounts. Subject to certain limitations, regular payments of principal and interest will be automatically payable in common stock if the 5-day average closing price of the common stock immediately preceding a payment date is greater than or equal to 110% of such fixed conversion price. As a result of the change in conversion price pursuant to the terms of the March 22, 2005 amendment, we recorded an additional beneficial conversion feature of $1,485,594 on the term note. The additional discount amount was recorded as paid-in-capital with the portion attributed to the first $1,000,000 of borrowings, $567,429 which was amortized to interest expense through December 31, 2005 and the remaining balance of $918,165 amortized over the remaining term of the note or ratably upon any partial conversion.

On July 20, 2005, we issued an additional $1 million convertible term note to Laurus. The note matures on June 30, 2007 and bears interest at the prime rate plus 1.75% (9.5% at March 31, 2006), payable monthly commencing August 1, 2005. Monthly principal payments of $58,823.53 over the term of the loan were to commence on February 1, 2006. Laurus subsequently agreed to defer the principal payments otherwise due from February 1, 2006 through May 1, 2006, until the maturity date of the term note, at which time the deferred payments and all other outstanding amounts are due. Laurus has the option to convert some or all of the principal and interest payments into common stock at a price of $.33 (the average closing price of our common stock on the American Stock Exchange for the 3-day period ending July 18, 2005).

In connection with this term note, we also issued Laurus an option to purchase up to an aggregate of 2,413,571 shares of our common stock at an exercise price equal to $0.01 per share. This option, valued at $401,738, was immediately exercisable, has a term of ten years, allows for cashless exercise at the option of Laurus, and does not contain any "put" provisions. Net proceeds received from issuance of the term note amounted to $955,000 and were allocated to the term note and the warrant based on their relative fair values. The note contained a beneficial conversion feature of $393,939 at issuance based on the intrinsic value of the shares into which the note is convertible, and a debt issue discount amounting to $446,738. The beneficial conversion amount was recorded as paid in capital and will be amortized to interest expense along with the debt conversion discount over the two year term of the note or ratably upon any partial conversion. The terms of the note are substantially similar to our June 2004 credit facility, including similar negative and restrictive covenants, as well as reporting requirements and default provisions.

The conversion price applicable to each of the notes and the exercise price of each of the warrants was previously subject to downward adjustment on a "full ratchet" basis, if with certain exceptions, we issued shares of our common stock (or common stock equivalents) at a price per share less than the applicable conversion or exercise price. These rights have never been enforced and on April 8, 2006, Laurus agreed to retroactively eliminate their rights to enforce these provisions

Subject to applicable cure periods, amounts borrowed from Laurus are subject to acceleration upon certain events of default, including: (i) any failure to pay when due any amount we owe to Laurus; (ii) any material breach by us of any other covenant made to Laurus; (iii) any misrepresentation made by us to Laurus in the documents governing the credit facility; (iv) the institution of certain bankruptcy and insolvency proceedings by or against us; (v) the entry of any monetary judgment or similar final process against us for more than $50,000 that remain unvacated, unbonded or unstayed for a period of 30 business days; (vi) suspensions of trading of our common stock from our principal trading market for five consecutive days or five days during any ten consecutive days (See Note 11); (vii) any failure to deliver shares of common stock upon conversions under the credit facility; (viii) certain defaults under agreements related to any of our other indebtedness; (ix) changes of control of our company. Substantial fees and penalties are payable to Laurus in the event of default. As of March 31, 2006, we were in default of several covenants of the notes and agreements. These defaults have been waived by Laurus.

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GREENMAN TECHNOLOGIES, INC.
Notes to Interim Consolidated Financial Statements
Quarter Ended March 31, 2006 and 2005
(Unaudited)

8. Notes Payable - Related Party

In November 2000, we borrowed $200,000 from a director. This unsecured note payable bears interest at 12% per annum with interest due monthly and the principal due originally in November 2001. Subsequently, the director agreed to extend the maturity date of each note several times and in June 2005, agreed to extend the maturity of this note until the earlier of when all amounts due under the Laurus credit facility (See Note 7) have been repaid or June 30, 2007.

During the period of June to August 2003, two immediate family members of an officer loaned us a total of $400,000 under the terms of two-year, unsecured promissory notes which bear interest at 12% per annum with interest due quarterly and the principal due upon maturity. In March 2004, these same individuals loaned us an additional $200,000 in aggregate, under similar terms with the principal due upon maturity March 2006. These individuals each agreed to invest the entire $100,000 principal balance of their June 2003 notes ($200,000 in aggregate) into our April 2004 private placement of investment units and each received 113,636 units in these transactions. At December 31, 2005, the remaining balance due on these advances amounted to $400,000. In addition, the two individuals agreed to extend the maturity of the remaining balance of these notes until the earlier of when all amounts due under the Laurus credit facility have been repaid or June 30, 2007. (See Note 7).

In September 2003, an officer loaned us $400,000 under the terms of a September 30, 2003 unsecured promissory note which bears interest at 12% per annum with interest due quarterly and the principal due March 31, 2004 (subsequently extended to September 30, 2004). In 2004, the officer applied approximately $114,000 of the balance due him and accrued interest of approximately $21,000 to exercise options to purchase 185,000 shares of common stock. In addition, he agreed to extend the maturity of the remaining balance of this note until the earlier of when all amounts due under the Laurus credit facility have been repaid or June 30, 2007. At March 31, 2006, the remaining balance due on this note amounted to $99,320.

During the period of January to March 2006, a director loaned us $125,000 under the terms of two unsecured promissory notes which bear interest at 10% per annum with interest and principal due June 30, 2006. On April 12, 2006, the director agreed in lieu of being repaid in cash at maturity to convert $76,450 (including interest of $1,450) into 273,035 shares of unregistered common stock at a price of $.28 which was the closing price of our stock on the date of conversion.

Interest expense on notes payable to related parties amounted to $22,430 and $43,410 for the three and six months ended March 31, 2006 and $20,980 and $41,960 for the three and six months ended March 31, 2005. Accrued interest payable amounted to $140,698 at March 31, 2006.

9. Litigation

As of May 23, 2006, approximately 16 vendors of our GreenMan Technologies of Georgia, Inc. and GreenMan Technologies of Tennessee, Inc. subsidiaries had commenced legal action, primarily in the state courts of Georgia, in attempts to collect approximately $1.6 million of past due amounts, plus accruing interest, attorneys' fees, and costs, all relating to various services rendered to these subsidiaries. The largest individual claim is for approximately $650,000. As of May 1, 2006, 3 of these vendors had secured judgments in their favor for an aggregate of approximately $250,000. As previously noted, all of GreenMan Technologies of Tennessee, Inc.'s assets were sold in September 2005 and substantially all of GreenMan Technologies of Georgia, Inc.'s assets were sold as of March 1, 2006. All proceeds from these sales were retained by our secured lender and these subsidiaries have no substantial assets. We are therefore currently evaluating the alternatives available to these subsidiaries.

GreenMan Technologies, Inc. was not a party to any of these vendor relationships and none of the plaintiffs have filed suit against GreenMan Technologies, Inc. While there can be no assurance that GreenMan Technologies, Inc will not be named as a defendant in future proceedings, we believe that GreenMan Technologies, Inc has valid defenses to any potential claims that may be made against us, and we intend to defend against any such claims vigorously.

In addition to the foregoing, we are subject to routine claims from time to time in the ordinary course of our business. We do not believe that the resolution of any of the claims that are currently known to us will have a material adverse effect on our company or on our financial statements.

GREENMAN TECHNOLOGIES, INC.
Notes to Interim Consolidated Financial Statements
Quarter Ended March 31, 2006 and 2005
(Unaudited)

10. Stock Options

We maintain stock-based compensation plans, which are described more fully in Note 11 to the consolidated financial statements in the 2005 Annual Report filed on Form 10-KSB. As permitted by Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation", we previously had elected to continue with the accounting methodology prescribed by Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees." Beginning on October 1, 2006, the Company will adopt SFAS No. 123(R) "Share-based Payment" and apply the required fair value methodology to all stock option and equity award plans.

The following table provides the pro forma disclosures of net loss and earnings per share as if the fair value recognition provisions of SFAS No. 123, had been applied:

	Three Months Ended		
	March 31, 2006	March 31, 2005	March 31,
Net loss as reported	$(1,280,501)	$(1,887,810)	$(2,686,
Add: Compensation recognized under APB No.25 ..	--	--	
Less: Compensation recognized under FAS 123 ...	(7,290)	(11,978)	(15,
Pro forma net loss	$(1,287,791)	$(1,899,788)	$(2,702,
Net loss per share:			
Basic and diluted - as reported	$ (0.07)	$ (0.10)	$ (0
Basic and diluted - pro forma	$ (0.07)	$ (0.10)	$ (0

11. Stockholders' Equity

American Stock Exchange Notices

As previously disclosed, on January 5, 2006 we were notified by the American Stock Exchange indicating we were not in compliance with the Exchange's requirements for continued listing as set forth in Sections 134 and 1101 of the Exchange's Company Guide (the "Company Guide") with respect to our failure to file our Annual Report on Form 10-KSB for the year ended September 30, 2005 with the Securities and Exchange Commission. In order to maintain our listing on the Exchange, we were required to, and did, submit a plan by January 19, 2006 advising the Exchange of action we have taken, or will take, that would bring our company into compliance with Sections 134 and 1101 of the Company Guide by no later than March 20, 2006. On February 2, 2006, we were notified that the Exchange had accepted our compliance plan and had granted us an extension of time through March 20, 2006 to regain compliance with the continued listing standards. We filed our Annual Report on April 20, 2006.

On February 14, 2006, we were notified by the Exchange that we are not in compliance with the Exchange's requirements for continued listing set forth in Section 1003(a)(i) of the Company Guide because we did not meet the $2,000,000 shareholders' equity requirement and because we reported losses from continuing operations and/or net losses in two out of our three most recent fiscal years. In order to maintain our listing on the Exchange, we were required to, and did, submit a plan by March 14, 2006 advising the Exchange of action we have taken, or will take, that would bring us into compliance no later than February 14, 2007.

On February 17, 2006 we were notified by the Exchange indicating we were not in compliance with the Exchange's requirements for continued listing as set forth in Sections 134 and 1101 of the Company Guide with respect to our failure to file our Quarterly Report on Form 10-QSB for the quarter ended December 31, 2005 with the Securities and Exchange Commission. In order to maintain our listing on the Exchange, we were required to, and did, submit a plan by March 3, 2006 advising the Exchange of action we have taken, or will take, that would bring our company into compliance with Sections 134 and 1101 of the Company Guide by no later than April 6, 2006. We filed our Quarterly Report on May 10, 2006.

11. Stockholders' Equity - (Continued)

On April 25, 2006 we were notified by the Exchange indicating its intention to initiate proceedings to delist our common stock. The notice indicated we failed to comply with Sections 134, 610, 1003 and 1101 of the Company Guide as noted in the Exchange's February 14th and February 17th notices describe above. In addition, the April 25th notice indicated that based on a subsequent review of our Form 10-KSB for the fiscal year ended September 30, 2005, we are not in compliance with the Exchange's requirements for continued listing set forth in Section 1003(a)(ii) of the Company Guide, which requires a company to maintain stockholders' equity in excess of $4,000,000 if it has sustained losses from continuing operations and/or net losses in three out of its four most recent fiscal years. The Exchange's recent notice also indicates we are not in compliance with Section 610(b) of the Company Guide, which requires a company that has received an audit opinion containing a going concern qualification to make a public announcement through the news media disclosing the receipt of such qualified opinion.

We have appealed the Exchange's determination to initiate delisting proceedings and are scheduled to appear before a committee of the Exchange on June 6, 2006. Pursuant to the Company Guide, we expect that the delisting proceeding will be stayed pending the outcome of our appeal and subject to the Exchange's ongoing review of our status. We can provide no assurance, however, that our appeal will be successful or that the Exchange will not suspend trading in our common stock prior to the hearing. A final decision by the Exchange to delist our common stock would substantially limit our stock's liquidity and impair our ability to raise capital. (See Note 2.)

12. Income Taxes

Based on continued operating losses, we determined the near-term realizability of our deferred tax asset to be uncertain and accordingly increased the valuation allowance by $270,000 during the quarter ended December 31, 2004.

13. Subsequent Events

Management Changes

On April 12, 2006, our Board of Directors named Lyle E. Jensen as President and Chief Executive Officer succeeding Robert H. Davis, who resigned those positions, and resigned as a member of our Board of Directors, on the same day. Mr. Jensen has been a member of our Board of Directors since May 2002, and served as the Chair of the Board's Audit Committee and as member of the Board's Compensation Committee. Mr. Jensen will remain a member of the Board of Directors, but will no longer serve on these committees. Nicholas DeBenedictis, an outside Director has joined the Compensation Committee and will serve as our interim Audit Committee Chair.

We entered into a five-year employment agreement with Mr. Jensen pursuant to which Mr. Jensen will receive a base salary of $195,000 per year. The agreement automatically renews for one additional year upon each anniversary, unless notice of non-renewal is given by either party. The agreement may be terminated without cause on thirty days' notice but provides for payment of twelve months' salary and certain benefits as a severance payment for termination without cause. The agreement also provides for incentive compensation based on the attainment of certain financial and non-financial goals. Mr. Jensen will receive a relocation allowance of up to $25,000 and a car allowance of $600 per month. Mr. Jensen has been granted a qualified option under the 2005 Stock Option Plan to purchase 500,000 shares of the our common stock, par value $.01 per share, with an exercise price of $.28 per share which was the closing price of our stock on the date of grant. In addition, upon signing of his employment agreement, Mr. Jensen agreed to purchase 500,000 unregistered shares of our common stock at $.28 per share which was the closing bid price of the common stock on the date the agreement was executed. In conjunction with Mr. Davis's resignation, we agreed to the payment of salary and certain benefits for a subsequent twelve month period which aggregate approximately $260,000 pursuant to certain contractual obligations.

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Item 2. Management's Discussion and Analysis or Plan of Operations

The following information should be read in conjunction with the unaudited consolidated financial statements and the notes thereto included in Item 1 of the Quarterly Report, and the audited consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Form 10-KSB filed for the year ended September 30, 2005.

Results of Operations

Three Months ended March 31, 2006 Compared to the Three Months ended March 31, 2005

Net sales from continuing operations for the three months ended March 31, 2006 decreased $781,365 or 17% to $3,911,225 as compared to last year's net sales from continuing operations of $4,692,590. Our continuing operations processed approximately 3.1 million passenger tire equivalents during the three months ended March 31, 2006, compared to approximately 3.8 million passenger tire equivalents during the same period last year. The decrease was primarily attributable to the completion of an Iowa scrap tire cleanup project during fiscal 2005 which accounted for approximately $745,000 of revenue and 800,000 passenger tire equivalents during the three months ended March 31, 2005. In addition, the overall fee we are paid to collect and dispose of a scrap tire (tipping fee") decreased 9 percent (4 percent decrease when the prior year Iowa scrap tire cleanup revenue is removed) during the three months ended March 31, 2006 which was partially offset by an 8 percent increase in end-product revenue during this period. During fiscal 2005, we completed an evaluation of our corporate-wide inbound collection infrastructure and determined that we would no longer provide certain levels of service and products at existing rates in certain markets and therefore implemented price increases where warranted and terminated service in situations where price increases were not an alternative. While these initiatives reduced our overall inbound tire volume and may negatively impact our overall gross tipping fee revenue, we believe these efforts will continue to improve our performance through lower labor, parts and maintenance costs.

Gross profit for the three months ended March 31, 2006 was $507,517 or 13% of net sales, compared to $471,263 or 10% of net sales for three months ended March 31, 2005. Our cost of sales decreased $817,619 or 19% primarily due to decreased collection and processing costs associated with lower inbound volume and our ongoing efforts to reduce operating costs where available.

Selling, general and administrative expenses for the three months ended March 31, 2006 increased $144,048 to $1,029,893 or 26% of net sales, compared to $885,845 or 19% of net sales for the three months ended March 31, 2005. The increase was primarily attributable to increased outside professional expenses and insurance.

Due to continued operating losses management evaluated the carrying value of certain California equipment and determined that, the carrying value exceeded its estimated fair value based on replacement cost of similar equipment. Therefore, we recorded an impairment loss amounting to $35,901 during the quarter ended March 31, 2006.

As a result of the foregoing, we had an operating loss of $558,277 for the three months ended March 31, 2006 as compared to an operating loss of $414,582 for the three months ended March 31, 2005.

Interest and financing costs for the three months ended March 31, 2006 increased $137,836 to $626,977 (including $307,478 of non-cash deferred financing costs), compared to $489,141 (including $250,027 of non-cash deferred financing costs) during the three months ended March 31, 2005. The increase is primarily attributable to increased non-cash deferred financing associated with the Laurus credit facility and an increase in borrowing rates. In addition, we determined that certain California equipment was no longer necessary and/or operable and as a result recorded a $73,300 loss on disposal of these assets during the three months ended March 31, 2006. Included in other expenses for the quarter ended March 31, 2005 is $101,378 relating to a portion of an acquisition deposit which was written off.

As a result of the foregoing, our net loss from continuing operations for the three months ended March 31, 2006 increased $264,784 to $1,268,217 or $.07 per basic share, compared to a net loss of $1,003,433 or $.05 per basic share for the three months ended March 31, 2005. The $12,284 loss from discontinued operations for the three months ended March 31, 2006 relates primarily to the costs of exit activities associated with our Georgia operations. The $884,377 loss ($.05 per basic share) from discontinued operations for the three months ended March 31, 2005 includes approximately $451,000 associated with our Georgia operations and approximately $433,000 associated with our Tennessee operations.

Our net loss for the three months ended March 31, 2006 decreased $607,309 or 32% to $1,280,501 as compared to a net loss of $1,887,810 for the three months ended March 31, 2005.

Six Months ended March 31, 2006 Compared to the Six Months ended March 31, 2005

Net sales from continuing operations for the six months ended March 31, 2006 decreased $859,532 or 9% to $9,023,086 as compared to last year's net sales from continuing operations of $9,882,618. Our continuing operations processed approximately 7 million passenger tire equivalents during the six months ended March 31, 2006, compared to approximately 8.4 million passenger tire equivalents during the same period last year. The decrease was primarily attributable to the completion of an Iowa scrap tire cleanup project during fiscal 2005 which accounted for approximately $827,000 of revenue and 875,000 passenger tire equivalents during the six months ended March 31, 2005.

The negative impact on overall revenue resulting from lower inbound tire volumes was partially offset by a 3% increase (5% decrease when the prior year Iowa scrap tire cleanup revenue is removed) in the overall fee we are paid to collect and dispose of a scrap tire and a 2 percent increase in end product revenue during the six months ended March 31, 2006. During fiscal 2005, we completed an evaluation of our corporate-wide inbound collection infrastructure and determined that we would no longer provide certain levels of service and products at existing rates in certain markets and therefore implemented price increases where warranted and terminated service in situations where price increases were not an alternative. While these initiatives reduced our overall inbound tire volume growth rate and may negatively impact our overall gross tipping fee revenue, we believe these efforts will continue to improve our performance through lower labor, parts and maintenance costs.

Gross profit for the six months ended March 31, 2005 was $1,826,184 or 20% of net sales, compared to $1,197,059 or 12% of net sales for six months ended March 31, 2005. Our cost of sales decreased $1,488,655 or 17% primarily due to decreased collection and processing costs associated with lower inbound volume and our ongoing efforts to reduce operating costs where available.

Selling, general and administrative expenses for the six months ended March 31, 2006 increased $293,504 to $2,034,536 or 23% of net sales, compared to $1,741,032 or 18% of net sales for the six months ended March 31, 2005. The increase was primarily attributable to increased outside professional expenses and insurance.

Due to continued operating losses management evaluated the carrying value of certain California equipment and determined that, the carrying value exceeded its estimated fair value based on replacement cost of similar equipment. Therefore, we recorded an impairment loss amounting to $35,901 during the quarter ended March 31, 2006.

As a result of the foregoing, our operating loss decreased $299,720 to $244,253 for the six months ended March 31, 2006 as compared to an operating loss of $543,973 for the six months ended March 31, 2005.

Interest and financing costs for the six months ended March 31, 2006 increased $765,441 to $1,578,455 (including $962,325 of non-cash deferred financing costs), compared to $813,014 (including $349,668 of non-cash deferred financing costs) during the six months ended March 31, 2005. The increase is primarily attributable to increased non-cash deferred financing associated with the Laurus credit facility and an increase in borrowing rates. In addition, we determined that certain California equipment was no longer necessary and/or operable and as a result recorded a $73,300 loss on disposal of these assets during the three months ended March 31, 2006. Included in other expenses for the quarter ended March 31, 2005 is $101,378 relating to a portion of an acquisition deposit which was written off.

Based on the magnitude of our fiscal 2005 losses, we determined the near-term realizability of a $270,000 non-cash deferred tax asset to be uncertain and therefore have provided a valuation allowance on the entire amount during the three months ended December 31, 2004.

As a result of the foregoing, our net loss from continuing operations for the six months ended March 31, 2006 increased $199,731 to $1,928,252 or $.10 per basic share, compared to a net loss of $1,728,521 or $.09 per basic share for the six months ended March 31, 2005. The $758,574 loss ($.04 per basic share) from discontinued operations for the six months ended March 31, 2006 relates primarily to the costs of exit activities associated with our Georgia operations. The $1,964,127 loss ($.10 per basic share) from discontinued operations for the six months ended March 31, 2005 includes approximately $1,178,000 associated with our Georgia operations and approximately $786,000 associated with our Tennessee operations.

Our net loss for the six months ended March 31, 2006 decreased $1,005,822 or 27% to $2,686,826 as compared to a net loss of $3,692,648 for the six months ended March 31, 2005.

Liquidity and Capital Resources

As of December 31, 2005, we had $215,063 in cash and cash equivalents and a working capital deficiency of $11,573,921. Our continued existence is dependent on our ability to generate positive operating cash flow, negotiate more favorable terms with existing secured and unsecured creditors, refinance existing long term debt, secure additional financing and achieve profitable status on a sustained basis.

The Consolidated Statements of Cash Flows reflect events in fiscal 2006 and 2005 as they affect our liquidity. During the six months ended March 31, 2006, net cash provided by operating activities was $1,003,111. While our net loss was $2,686,826 our overall cash flow was positively impacted by the following non-cash expenses and changes to our working capital: $1,768,264 of depreciation and amortization, $166,489 of non-cash impairment loss and net loss on disposal of fixed assets and a decrease in accounts receivable of $2,212,335 which offset a $437,495 increase in inventory which is not unusual during our seasonally slower quarter and a net decrease in accounts payable and accrued expense of $261,734 in aggregate.

During the six months ended March 31, 2005, net cash used for operating activities was $27,537. While our net loss was $3,692,648 our overall cash flow was positively impacted by the following non-cash expenses and changes to our working capital: $1,538,245 of depreciation and amortization, $270,000 associated with an increase to the valuation allowance for deferred taxes (non-cash) and a decrease in accounts receivable of $786,478 and an net increase in accounts payable and accrued expense of $1,106,291 in aggregate.

Net cash provided by investing activities was $24,407 for the six months ended March 31, 2006 reflecting the purchase of $535,924 of equipment and the receipt of $560,331 from the sale of assets. The net cash used by investing activities for the six months ended March 31, 2005 was $1,012,498 reflecting the purchase of equipment to increase capacity and efficiencies at several of our operating locations.

Net cash used for financing activities was $1,177,671 during the six months ended March 31, 2006 reflecting the use of cash generated from operations and $202,114 in proceeds from a related party and other notes payable to pay down our working capital lines of credit by $640,350 in addition to reducing notes payable and capital leases by $739,435 in aggregate. Net cash provided by financing activities was $923,910 during the six months ended March 31, 2005 and was positively impacted by availability under our new Laurus credit facility as well as increased availability under our First American credit facility. This increase was offset by repayment of notes payable of $688,039 and capital leases of $156,192.

The financial statements have been prepared assuming we will continue as a going concern. We have incurred substantial losses from operations, and have a significant working capital deficiency at March 31, 2006. These factors raise substantial doubt about our ability to continue as a going concern.

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

Divestiture of Unprofitable Operations

Due to the magnitude of the continuing operating losses incurred by our Georgia ($3.4 million) and Tennessee ($1.8 million) subsidiaries during fiscal 2005, management determined it to be in the best interest of company to discontinue all Southeastern operations and dispose of their respective operating assets. A majority of the Tennessee operating losses were due to rapid market share growth within the state by an undercapitalized subsidiary, necessitating us to transport an increasing number of Tennessee scrap tires to our Georgia facility for processing at significant transportation and processing costs. A majority of the Georgia operating losses were due to (1) the negative impact of processing a significant number of Tennessee sourced tires; (2) a change in the specifications of our primary end market customers requiring a smaller product resulting in reduced processing capacity and significantly higher operating costs and (3) equipment reliability issues resulting from aging equipment processing an increasing number of scrap tires.

On September 6, 2005 we entered into an agreement under which all Tennessee scrap tire collection contracts and certain other contracts with suppliers of waste tires and contracts to supply whole tires to certain cement kilns in the southeastern region of the United States were assigned to a company owned by a former employee. We received no cash consideration for these assignments and recorded a $1,334,849 loss (including a non-cash loss of $918,450 associated with goodwill written off) on disposal of the operations at September 30, 2005. The aggregate net losses including the loss on disposal associated with the discontinued operations of our Tennessee subsidiary included in the results for the three and six months ended March 31, 2005 were approximately $441,000 and $762,000, respectively.

On September 27, 2005, we adopted a plan to dispose of all Georgia operations and during the quarter ended December 31, 2005, we substantially curtailed operations at our Georgia subsidiary. As a result, we wrote down all Georgia operating assets to their estimated fair market value at September 30, 2005 and recorded a loss on disposal of $4,631,102 (including a non-cash loss of $1,253,748 associated with goodwill written off) net of a gain on settlement of our Georgia facility lease of $586,137 (see Note 5 to the Interim Consolidated Financial Statements). The aggregate net losses including the loss on disposal associated with the discontinued operations of our Georgia subsidiary included in the results for the three and six months ended March 31, 2006 were approximately $12,000 and $759,000, respectively, and $443,000 and $1,202,000, respectively for the three and six months ended March 31,2005. We completed the divestiture of all Georgia operating assets as of March 1, 2006.

On February 17, 2006, we entered into an Asset Purchase Agreement with Tires Into Recycled Energy and Supplies, Inc. ("TIRES"), a leading crumb rubber processor in the United States. Under the agreement, we sold and assigned to TIRES certain assets, including (a) certain truck tire processing equipment located at our Georgia facility; (b) certain rights and interests in our contracts with suppliers of scrap truck tires; and (c) certain intangible assets. TIRES agreed to assume all of our rights and obligations under these contracts. In addition, TIRES entered into a sublease agreement with us with respect to part of the premises located in Georgia. (see Note 5 to the Interim Consolidated Financial Statements).

On March 1, 2006, we entered into an Asset Purchase Agreement with MTR of Georgia, Inc. ("MTR") a company co-owned by a former employee. Under the agreement, we sold and assigned to MTR certain assets, including (a) certain passenger tire processing equipment located at our Georgia facility; (b) certain rights and interests in our contracts with suppliers of scrap passenger tires; and certain intangible assets. MTR agreed to assume all of our rights and obligations under these contracts. In addition, MTR entered into a sublease agreement with us with respect to part of the premises located in Georgia. We received $250,000 from MTR for these assets. As additional consideration, MTR has agreed to assume financial responsibility for disposing of all scrap tires and scrap tire processing residual at the Georgia facility as of the close.

We agreed with TIRES and MTR not to compete in the business of providing whole tire waste disposal services or selling crumb rubber material (except to our existing customers) within certain Southeastern states for a period of three years.

Credit Facility Refinancing

On June 30, 2004, we entered into a $9 million credit facility with Laurus Master Fund, Ltd., ("Laurus") consisting of a $5 million convertible, revolving working capital line of credit and a $4 million convertible term note loan. At closing, we borrowed $4 million under the term loan and $2 million under the line of credit, and used approximately $1,860,000 of the proceeds to repay the outstanding indebtedness under our prior credit facility and approximately $1,070,000 to repay in full the indebtedness due Cryopolymers Leasing. Additional proceeds of the financing were used to increase working capital and to pay certain costs and fees associated with this transaction including a $425,000 placement fee paid to our investment bank. On March 22, 2005, the credit facility was amended to permit us to maintain overadvances of up to $2,000,000 under the line of credit through December 31, 2005 (subsequently extended to May 31, 2006). In addition, the price at which the minimum borrowing note and term loan are convertible into our common stock were adjusted (see Note 7 to the Interim Consolidated Financial Statements of interim financial statements). As of December 31, 2005, our overadvance was $1,980,250.

On July 20, 2005, we issued a $1 million convertible term note to Laurus. The note matures on June 30, 2007 and bears interest at the prime rate plus 1.75% (9% at December 31, 2005), payable monthly commencing August 1, 2005. Monthly principal payments of $58,823.53 over the term of the loan commence on February 1, 2006. Laurus subsequently agreed to defer the principal payments otherwise due from February 1, 2006 through May 1, 2006, until the maturity date of the term note, at which time the deferred payments and all other outstanding amounts are due. Laurus has the option to convert some or all of the principal and interest payments into common stock at a price of $.33 (the average closing price of our common stock on the American Stock Exchange for the 3-day period ending July 18, 2005).

On February 10, 2005, First American renewed our working capital line until February 10, 2006 (subsequently extended to June 15, 2006) and increased our maximum availability under the line of credit to $800,000. In addition, First American agreed to increase our overall maximum availability by an additional $350,000 to $1,150,000 through June 10, 2005 to coincide with the performance of a significant scrap tire cleanup project which was completed in April 2005.

Additional Steps to Increase Liquidity

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

In December 2003, we issued a 10% convertible note due December 2004 in the aggregate principal amount of $375,000 to an investor. The note was convertible at the option of the holder at any time prior to maturity into investment units at a price equal to $1.07 per unit with each unit consisting of one share of common stock and a warrant to purchase 1.5 shares of common stock at an exercise price of $1.07 per share, exercisable nine months after issuance for a period of five years from date of issuance. The note was converted on June 24, 2004 into 369,331 shares of common stock and we issued warrants to purchase 553,997 shares of our common stock. When originally issued, this note reflected a beneficial conversion feature amounting to $154,226 and, upon conversion, the remaining unamortized beneficial conversion discount of approximately $77,000 was charged to interest expense.

In April 2004, we commenced a private offering of investment units to accredited investors, each unit consisting of one share of our common stock and a warrant to purchase 0.5 shares of our common stock. As of June 30, 2004, when the offering terminated, we had sold 1,594,211 units (1,594,211 shares of our common stock and warrants to purchase 797,105 additional shares of our common stock at prices ranging from $1.56 to $2.06 per share) to investors, including our directors and existing shareholders, for gross proceeds of $1,547,800. We used the net proceeds of this offering to commence re-establishing our Georgia waste wire processing capacity and for general working capital purposes.

From June 2003 through March 2004, several of our officers and members of their families loaned us an aggregate of $1,345,000. These advances bear interest at 12% and mature at various times through March 2006. In April 2004, several of these individuals agreed to invest approximately $550,000 of the amounts due them under the terms of their loans into the private placement described above. In April 2004, one of our officers applied approximately $187,000 of amounts due him to pay off notes receivable due our company and in June 2004 applied approximately $114,000 of amounts due him, plus $21,000 of accrued interest to exercise options to purchase 185,000 shares of our common stock. At December 31, 2005, the remaining balance on these advances amounted to $699,320.

Operating Performance Enhancements

Historically, our tire shredding operations were able to recover and sell approximately 60% of a processed tire with the balance disposed of as waste wire residual (cross-contaminated rubber and steel) at an annual cost exceeding $1,000,000 in prior years. During the past several years we have purchased secondary equipment for our Iowa and Minnesota facilities to further process the waste wire residual into saleable components of rubber and steel that not only provide new sources of revenue but also significantly reduced our residual disposal costs.

Effects of Inflation and Changing Prices

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

Based on our fiscal 2006 operating plan our available working capital and our revenues from operations, we believe that borrowings from affiliated and unaffiliated lenders including additional funding from Laurus will be necessary to satisfy our cash requirements for the foreseeable future. If we are unable to obtain additional financing, our ability to maintain our current level of operations could be materially and adversely affected and we may be required to adjust our operating plans accordingly or to discontinue our operations altogether.

Off-Balance Sheet Arrangements

We lease various facilities and equipment under cancelable and non-cancelable short and long term operating leases which are described in Footnote 10 to the Audited Consolidated Financial Statements contained in our annual report on Form 10-KSB.

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 That May Affect Future Results

Risks Related to our Business

We have lost money in the past fourteen consecutive quarters and will need additional working capital, which if not received, may force us to curtail operations.

We have incurred substantial losses from operations over the past 14 quarters. As of March 31, 2006, we had $212,590 in cash and cash equivalents and a working capital deficiency of $11,573,921. These factors raise substantial doubt about our ability to continue as a going concern. We understand our continued existence is dependent on our ability to generate positive operating cash flow, negotiate more favorable terms with existing secured and unsecured creditors, refinance existing long term debt, secure additional financing and achieve profitable status on a sustained basis. We are presently evaluating several financing alternatives which would allow us to refinance a substantial amount of our short-term secured debt into long-term secured debt to better align debt maturities with our long-term business plan. There can be no assurance however, that we will be successful in refinancing at favorable terms, if at all.

Our liquidity has been significantly and adversely affected by continued operating losses at our Southeastern operations. The divestiture of our Tennessee operation in September 2005 eliminated continued operating losses which aggregated approximately $1.8 million during the fiscal year ended September 30, 2005. In addition, during the quarter ended December 31, 2005, we substantially curtailed operations at our Georgia subsidiary which during the fiscal year ended September 30, 2005 incurred an operating loss of approximately $3.4 million. During the quarter ended March 31, 2006, we completed the sale of substantially all Georgia operating assets to two separate parties and received $405,000 in aggregate cash.

The aggregate net loss (including losses from operations and losses on disposal) associated with the discontinued operations of our Georgia subsidiary included in the results for the six months ended March 31, 2006 was approximately $759,000 or 28% of our total loss year to date. The aggregate net losses associated with the discontinued operations of our Tennessee and Georgia subsidiaries included in the results for the six months ended March 31, 2005 was approximately $1,964,000 or approximately 53% of our total loss for that period. The total net loss, including losses from operations and losses on disposal associated with these subsidiaries during the fiscal year ended September 30, 2005 was approximately $11.1 million or 73% of our total loss for the 2005 fiscal year.

We have invested substantial amounts of capital during the past several years in new equipment to increase processing capacity at our Iowa, Minnesota and California locations, as well as consolidating our Wisconsin location into our Minnesota operating during fiscal 2005 to substantially reduce operating costs and maximize our return on assets. Our future operating plan focuses on maximizing the performance of these three operations through our continuing efforts to increase overall quality of revenue (revenue per passenger tire equivalent) while remaining diligent with our ongoing cost reduction initiatives. We will continue to evaluate each operation on its merits and contribution to the corporation and we will continue to make the necessary decisions to ensure the continued viability of GreenMan. During fiscal 2005, we completed an evaluation of our corporate-wide inbound collection infrastructure and determined that we would no longer provide certain levels of service and products at existing rates in certain markets and therefore implemented price increases where warranted and terminated service in situations where price increases were not an alternative. As a result, we experienced a 4% increase in overall tipping fees (fees we are paid to collect and dispose of a scrap tire) during fiscal 2005 and an increase of 2% on a year to date basis during fiscal 2006 as compared to the same period during fiscal 2005. While these initiatives reduced our overall inbound tire volume growth rate during fiscal 2005 and thus far during fiscal 2006, we believe they have and will continue to improve our performance through lower labor, parts and maintenance costs. In addition, we continue to identify, and are currently selling product into several new, higher-value markets as evidenced by an 18% increase in end product revenue during fiscal 2005 and a 2% increase on a year to date basis in fiscal 2006. We continue to experience strong demand for our end products.

The American Stock Exchange may delist our common stock on June 6,2006.

On April 25, 2006, we received a notice from the American Stock Exchange (the "Exchange") stating that the Exchange intends to initiate proceedings to delist the Registrant's common stock. The notice indicates that we failed to comply with Sections 134, 610, 1003(f)(iii) and 1101 of the Exchange's Company Guide (the "Company Guide"). We have appealed the Exchange's determination to initiate delisting proceedings and are scheduled to appear before a committee of the Exchange on June 6, 2006. Pursuant to the Company Guide, we expect that the delisting proceeding will be stayed pending the outcome of our appeal and subject to the Exchange's ongoing review of our status. We can provide no assurance, however, that our appeal will be successful or that the Exchange will not suspend trading in our common stock prior to the hearing. A final decision by the Exchange to delist our common stock would substantially limit our stock's liquidity and impair our ability to raise capital.

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

On June 30, 2004, we entered into a $9 million credit facility with Laurus pursuant to secured promissory notes and related agreements which were amended on March 22, 2005 to provide, amount other things, the ability for us to maintain overadvances of up to $2 million. On July 20, 2005, we borrowed an additional $1 million from Laurus pursuant to a convertible term note and related agreements. Subject to certain grace periods, the notes and agreements provide for the following events of default (among others):

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

In the event of a future default under our agreements with Laurus, Laurus may enforce its rights as a secured party and we may lose all or a portion of our assets, be forced to materially reduce our business activities or cease operations.

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

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

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

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

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

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

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

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

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

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

Seasonal factors may affect our quarterly operating results.

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

Inflation and Changing Prices may hurt our business.

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

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

A significant part of our business strategy entails future acquisitions, or significant investments in, businesses that offer complementary products and services. Promising acquisitions are difficult to identify and complete for a number of reasons. Any acquisitions completed by our company may be made at substantial premiums over the fair value of the net assets of the acquired companies, and competition may cause us to pay more for an acquired business than its long-term fair market value. There can be no assurance that we will be able to complete future acquisitions on terms favorable to us or at all. In addition, we may not be able to integrate future acquired businesses, at all or without significant distraction of management from our ongoing business. In

order to finance acquisitions, it may be necessary for us to issue shares of our capital stock to the sellers of the acquired businesses and/or to seek additional funds through public or private financings. Any equity or debt financing, if available at all, may be on terms which are not favorable to us and, in the case of an equity financing or the use of our stock to pay for an acquisition, may result in dilution to our existing stockholders.

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

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

Risks Related to the Securities Market

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

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

- any decision by the American Stock Exchange to delist our common stock (see The American Stock Exchange has initiated proceedings to delist our common stock, above).

- changes in market valuations of similar companies;

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

- regulatory developments;

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

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

- future issuances of our common stock or other securities.

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

As of March 31, 2006, we have options and warrants to purchase approximately 8,622,030 shares of common stock outstanding in addition to $8,174,849 of convertible promissory notes. The principal amounts of these notes are convertible into approximately 11,100,000 shares of common stock. The exercise of our options and warrants, and the conversion of these promissory notes, will cause additional shares of common stock to be issued, resulting in dilution to investors and our existing stockholders. As of March 31, 2006, approximately 13 million shares of our common stock were eligible for sale in the public market. This represents approximately 68 percent of our outstanding shares of common stock. After the effective date of the additional registration statement we are required to file with respect to the Laurus credit facility approximately 24,100,000 shares of our common stock will be eligible for resale in the public market. Sales of a significant number of shares of our common stock in the public market could result in a decline in the market price of our common stock, particularly in light of the illiquidity and low trading volume in our common stock.

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

Our directors, executive officers and other principal stockholders owned approximately 31 percent of our outstanding common stock as of March 31, 2006. Accordingly, these stockholders could have a significant influence over the outcome of any corporate transaction or other matter submitted to our stockholders for approval, including mergers, consolidations and the sale of all

or substantially all of our assets and also could prevent or cause a change in control. The interests of these stockholders may differ from the interests of our other stockholders. In addition, limited number of shares held in public float effect the liquidity of our common stock. Third parties may be discouraged from making a tender offer or bid to acquire us because of this concentration of ownership.

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

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

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

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

Environmental Liability

There are no known material environmental violations or assessments.

Item 3 Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of March 31, 2006. In designing and evaluating our disclosure controls and procedures, we recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applied its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our chief executive officer and chief financial officer concluded that as of March 31, 2006, our disclosure controls and procedures were (1) designed to ensure that material information relating to the company, including our consolidated subsidiaries, is made known to our chief executive officer and chief financial officer by others within those entities, particularly during the period in which this report was being prepared and (2) effective, in that they provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended March 31, 2006 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 6. Exhibits

10.1 (1)	$25,000 Unsecured Promissory Note issued by GreenMan Technologies, Inc. to Nicholas and Nancy DeBenedictis dated January 6, 2006
10.2 (1)	$100,000 Unsecured Promissory Note issued by GreenMan Technologies, Inc. to Nicholas and Nancy DeBenedictis dated January 6, 2006
10.3 (2)	Asset Purchase Agreement dated February 17, 2006 between GreenMan Technologies of Georgia, Inc., GreenMan Technologies, Inc. and Tires Into Recycled Energy and Supplies, Inc.
10.4 (2)	Asset Purchase Agreement dated March 1, 2006 between GreenMan Technologies of Georgia, Inc., GreenMan Technologies, Inc. and MTR of Georgia, Inc.
10.5 (2)	Amendment No. 1 to Lease Agreement dated February 28, 2006 between GreenMan Technologies of Georgia, Inc. and Mart Management, Inc.
10.6 (3)	Employment Agreement dated April 12, 2006, between GreenMan Technologies, Inc. and Lyle E. Jensen
31.1 (1)	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a)
31.2 (1)	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a)
32.1 (1)	Certification of Chief Executive Officer under 18 U.S.C Section 1350
32.2 (1)	Certification of Chief Financial Officer under 18 U.S.C Section 1350

(1) Filed herewith.

(2) Incorporated by reference from the Company's Form 8-K dated February 17, 2006 and filed on March 6, 2006.

(3) Incorporated by reference from the Company's Form 8-K dated April 12, 2006 and filed on April 17, 2006.

(a) Reports on Form 8-K

1. Form 8-K dated January 4, 2006 (filed January 5, 2006), covering Items 2.05, 2.06, 7.01 and 9.01
2. Form 8-K dated January 5, 2006 (filed January 11, 2006), covering

Items 3.01 and 9.01

3. Form 8-K dated February 16, 2006 (filed February 17, 2006), covering Items 3.01, 7.01 and 9.01
4. Form 8-K dated February 17, 2006 (filed March 6, 2006, covering Items 1.01 and 9.01)

SIGNATURES

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

By: GreenMan Technologies, Inc.

/s/ Lyle Jensen

Lyle Jensen
Chief Executive Officer

By: GreenMan Technologies, Inc.

/s/ Charles E. Coppa

Chief Financial Officer,
Treasurer, Secretary