

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

GREENMAN TECHNOLOGIES INC
Form SB-2/A
January 26, 2005

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JANUARY 26, 2005

Registration No. 333-117819

=====

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

FORM SB-2
AMENDMENT NO. 2 TO
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

GREENMAN TECHNOLOGIES, INC.
(Name of Small Business Issuer in its Charter)

DELAWARE	3089	71-0724248
(State or Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

7 Kimball Lane
Building A
Lynnfield, MA 01940
(781) 224-2411

(Address and Telephone Number of Principal Executive Offices)

Charles E. Coppa
Chief Financial Officer
GreenMan Technologies, Inc.
7 Kimball Lane
Building A
Lynnfield, MA 01940
(781) 224-2411

(Name, Address and Telephone Number of Agent for Service)

Copies to:

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

Carl F. Barnes, Esq.
 Morse, Barnes-Brown & Pendleton, P.C.
 Reservoir Place
 Waltham, MA 02451
 (781) 622-5930

Approximate Date of Proposed Sale to the Public: From time to time after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, please check the following box. X

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box .

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price per Share (2)	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee
Common Stock	4,724,565 Shares (3)	\$1.235	\$5,834,837.78	\$739,000.00

(1) In accordance with Rule 416 under the Securities Act of 1933, this registration statement also covers any additional shares of common stock that shall become issuable by reason of any stock dividend, stock split, recapitalization or other similar transaction effected without the receipt of consideration that results in an increase in the number of the outstanding shares of common stock.

(2) Estimated solely for the purpose of calculating the registration fee

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

pursuant to Rule 457(c) under the Securities Act of 1933. For purposes of this table, we have used the average of the high and low prices of the registrant's common stock on July 27, 2004, on the American Stock Exchange.

(3) To be offered by selling stockholders. Includes 369,331 shares currently held by selling stockholders, 553,997 shares of common stock issuable upon exercise of warrants held by selling stockholders, 2,926,528 shares of common stock issuable upon conversion of the principal of, and interest accrued on, a secured convertible term note held by a selling stockholder, and 874,709 shares of common stock issuable upon conversion of the principal of, and interest accrued on, a secured convertible minimum borrowing note held by a selling stockholder.

(4) Previously paid.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

=====

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THE SELLING STOCKHOLDERS MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND THE SELLING STOCKHOLDERS ARE NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

PRELIMINARY PROSPECTUS
SUBJECT TO COMPLETION, DATED JANUARY 26, 2005

GREENMAN TECHNOLOGIES, INC.

4,724,565 Shares of Common Stock

This prospectus relates to the sale of up to 4,724,565 shares of our common stock by some of our stockholders. For a list of the selling stockholders, please see "Selling Stockholders." We are not selling any shares of common stock in this offering and therefore will not receive any proceeds from this offering. We may, however, receive proceeds upon the exercise of the warrants registered for sale hereunder in the event that such warrants are exercised. All costs associated with this registration will be borne by us.

These shares may be sold by the selling stockholders from time to time on the American Stock Exchange or on any other national securities exchange or

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

automated interdealer quotation system on which our common stock is then listed or quoted, through negotiated transactions or otherwise at market prices prevailing at the time of sale or at negotiated prices.

Our common stock currently trades on the American Stock Exchange under the symbol "GRN." On January 20, 2005, the last reported sale price of our common stock was \$1.31 per share.

INVESTING IN OUR COMMON STOCK INVOLVES A HIGH DEGREE OF RISKS. PLEASE REFER TO THE "RISK FACTORS" BEGINNING ON PAGE 3.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES, OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE DATE OF THIS PROSPECTUS IS _____, 2005.

TABLE OF CONTENTS

Prospectus Summary.....	1
Risk Factors.....	3
Cautionary Statement Concerning Forward Looking Statements.....	8
Use of Proceeds.....	8
Market for Common Equity and Related Stockholder Matters.....	9
Management's Discussion and Analysis of Financial Condition and Results of Operations.....	10
Business.....	19
Management.....	23
Executive Compensation.....	24
Certain Relationships and Related Transactions.....	27
Principal Stockholders.....	31
Selling Stockholders.....	33
Plan of Distribution.....	34
Description of Securities.....	36

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

Commission Position on Indemnification for Securities Act Liabilities.....	38
Legal Matters.....	38
Where You Can Find More Information.....	38
Financial Statements.....	F-1

-i-

PROSPECTUS SUMMARY

This summary highlights selected information from this prospectus and may not contain all of the information that is important to an investor. We encourage you to read this entire prospectus, including our consolidated financial statements and the notes to our consolidated financial statements completely and carefully before deciding whether to invest in our common stock. You should also review the other available information referred to in the section entitled "Where You Can Find More Information" on page 38.

Summary of our Business

GreenMan Technologies, Inc. (together with its subsidiaries "we", "us" or "our") was originally founded in 1992 has been operated as a Delaware corporation since 1995. Today, we comprise six operating locations that collect, process and market scrap tires in whole, shredded or granular form. We are headquartered in Lynnfield, Massachusetts and currently operate tire processing operations in California, Georgia, Iowa, Minnesota, Tennessee and Wisconsin and operate under exclusive agreements to supply whole tires used as alternative fuel to cement kilns located in Alabama, Florida, Georgia, Illinois, Missouri, Tennessee and Texas.

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

We collect scrap tires from three sources:

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

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

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

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

applications and bullet containment systems.

In some states where we have disposal contracts with cement kilns, our whole tire operations are paid a fee by existing tire collectors to dispose of whole tires at our location. We pay the cement kilns a fee to accept the whole tires which they then use as an alternative fuel source to coal, while also providing a source of iron oxide which is required in the cement making process.

Our executive offices are located at 7 Kimball Lane, Building A, Lynnfield, Massachusetts 01940. Our telephone number is (781) 224-2411.

1

The Offering

Securities Offered by

Selling Stockholders..... 4,724,565 shares of common stock, including 369,331 shares currently held by selling stockholders, 553,997 shares of common stock issuable upon exercise of warrants held by selling stockholders, 2,926,528 shares of common stock issuable upon conversion of the principal of, and interest accrued on, a secured convertible term note held by a selling stockholder, and 874,709 shares of common stock issuable upon conversion of the principal of, and interest accrued on, a secured convertible minimum borrowing note held by a selling stockholder.

Offering Price..... Determined at the time of sale by the selling stockholders.

Use of Proceeds..... We will not receive any proceeds from the sale of the shares of common stock by the selling stockholders. We intend to use the proceeds from the exercise of outstanding warrants, if any, for general corporate purposes.

Shares of Common Stock
outstanding before the offering... 19,200,352 shares.

Risk Factors..... An investment in the Company involves significant risks and uncertainties. See "Risk Factors, beginning on page 3.

2

RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below before deciding to purchase shares of our common stock. If any of the events, contingencies, circumstances

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

or conditions described in the risks below actually occur, our business, financial condition or results of operations could be seriously harmed. The trading price of our common stock could, in turn, decline and you could lose all or part of your investment.

Risks Related to our Business

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

We have experienced eight consecutive quarters of net losses. While management has identified several significant non-recurring charges which have contributed to these losses, the continued, successful sales and marketing of our services and products, the introduction of new products and the re-establishment of profitable operations will be critical to our future liquidity. If we are unable to return to profitability before our cash is depleted, we will need to seek additional capital. There can be no assurance that we will be profitable in the future or, if we are not, that we will be able to obtain additional capital on terms and conditions acceptable to us or at all.

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 our operations or sell some 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. Subject to certain grace periods, the notes and agreements provide for the following events of default (among others):

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

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 may 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 may 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 may 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 will also need funding to pursue acquisitions. 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 may be adversely affected. 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 may 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.

In March 2003, a portion of our Georgia facility and several pieces of equipment were damaged by fire; as a result we have experienced increased disposal costs and reduced product revenue in Georgia.

On March 31, 2003, a portion of our Georgia facility and several pieces of waste wire processing equipment were damaged by a fire, which resulted in increased disposal costs and reduced product revenue in Georgia. These conditions continued into November 2004, when the re-installation was completed and the machinery was returned to operative status.

We may not realize the anticipated benefits associated with the establishment of our Tennessee operations.

In February 2003, as a result of experiencing significant market share growth during the last two years, we announced our intent to open a new high-volume tire processing facility in LaVergne, Tennessee. Historically, we have transported all Tennessee-sourced tires to our Georgia facility for processing. In July 2003, we began processing tires on a limited basis in Tennessee utilizing excess and idle equipment from various GreenMan subsidiaries. Until we are successful in purchasing the appropriate high-volume shredding and ancillary equipment for our Tennessee facility, we will continue to incur excess transportation costs necessitated by transporting Tennessee-sourced tires to Georgia instead of processing them locally. We initially allocated approximately \$1 million of proceeds from the Laurus credit facility to purchase equipment necessary for our Tennessee facility. In August 2004, we used \$350,000 of the proceeds as a "good faith" deposit with a third party towards the acquisition of certain processing equipment that would be required in Tennessee. In December 2004, we executed a letter of intent with the same third party to lease certain pieces of tire processing equipment that will be used in Tennessee and agreed to apply the \$350,000 to preparation and moving of the equipment to be leased. Due to delays in identifying the appropriate remaining equipment for Tennessee, we reallocated approximately \$650,000 of the proceeds to be used to re-establish our Georgia waste wire processing equipment line in November 2004 as well as to support the limited Tennessee operation during this period. We are currently evaluating several alternatives which will allow us to commence operations in Tennessee during the second quarter of fiscal 2005. When the Tennessee facility is fully operational, we estimate the cost savings realized by processing Tennessee-sourced tires locally instead of transporting them to Georgia should exceed \$80,000 per month. No assurance can be given, however, that we will be able to open this facility in a timely manner.

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

We may not realize the anticipated benefits associated with the reconfiguration of our Wisconsin operations.

In February 2003, we decided to reconfigure the operations of our low-volume Wisconsin size reduction facility to a whole tire transfer station supplying compliant tires to a cement kiln. The cement kiln consumes a majority of the scrap tires collected by the Wisconsin facility. The reconfiguration was completed during the first quarter of fiscal 2004. We do not have a long-term supply contract with the cement kiln, however, and there can be no assurance that we will realize the anticipated benefits associated with the reconfiguration of these operations.

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.

4

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

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

personnel.

Our success depends largely on the skills, experience and performance of our senior management, particularly, Robert H. Davis, our Chief Executive Officer; Charles E. Coppa, our Chief Financial Officer; Mark T. Maust, our Midwest Regional Vice President; Thomas A. Carter, our Southeastern Regional Vice President; and James C. Dodenhoff, our California Vice President. The loss of any of these personnel 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 are 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 would have 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

5

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

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

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:

- o changes in market valuations of similar companies;
- o 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;
- o regulatory developments;
- o additions or departures of senior management and other key personnel;
- o deviations in our results of operations from the estimates of securities analysts; and
- o 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 December 31, 2004, we have options and warrants to purchase 6,986,359 shares of common stock outstanding in addition to approximately \$5,875,000 of convertible promissory notes. The principal amounts of these notes are convertible into approximately 4,627,000 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. Prior to the effective date of this registration statement, approximately 11,000,000 shares of our common stock were eligible for sale in the public market. This represents approximately 58 percent of our outstanding shares of common stock. After the effective date

of this registration statement, approximately 15,725,000 shares of our common stock will be eligible for resale in the public market. Sales of a significant

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

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 39 percent of our outstanding common stock as of December 31, 2004. 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 or stock 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.

7

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This document contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties and are based on the beliefs and assumptions of management and information currently available to management. The use of words such as "believes," "expects," "anticipates," "intends," "plans," "estimates," "should," "likely" or similar expressions, indicates a forward-looking statement.

Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

those expressed in the forward-looking statements. Many of the factors that will determine these results are beyond the ability of GreenMan Technologies to control or predict. Stockholders are cautioned not to put undue reliance on any forward-looking statements, which speak only to the date made. For those statements, GreenMan Technologies claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

For a discussion of some of the factors that may cause actual results to differ materially from those suggested by the forward-looking statements, please read carefully the information under "Risk Factors" beginning on page 3.

The identification in this document of factors that may affect future performance and the accuracy of forward-looking statements is meant to be illustrative and by no means exhaustive. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

You may rely only on the information contained in this prospectus. We have not authorized anyone to provide information different from that contained in this prospectus. Neither the delivery of this prospectus nor the sale of common stock means that information contained in this prospectus is correct after the date of this prospectus. This prospectus is not an offer to sell or solicitation of an offer to buy these securities in any circumstances under which the offer or solicitation is unlawful.

USE OF PROCEEDS

There will be no proceeds to the Company from the sale of shares of common stock in this offering. However, the Company may receive up to approximately \$591,000 upon exercise of the outstanding warrants covered by this prospectus (assuming that no warrant holder acquires shares by a "cashless" exercise). We intend to use any proceeds from the exercise of warrants for general corporate purposes.

8

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

Our common stock began trading on the American Stock Exchange on September 20, 2002 under the symbol of "GRN." Prior to that time, our common stock had traded on the Over the Counter Bulletin Board under the symbol "GMTI." The following table sets forth the high and low bid quotations for our common stock for the periods indicated on the American Stock Exchange.

	Common Stock	
	High	Low
	----	----
Fiscal 2003		

Quarter Ended December 31, 2002.....	\$2.40	\$1.90
Quarter Ended March 31, 2003.....	2.15	1.86
Quarter Ended June 30, 2003.....	1.92	1.31
Quarter Ended September 30, 2003.....	1.92	1.57

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

Fiscal 2004

Quarter Ended December 31, 2003.....	\$1.80	\$1.25
Quarter Ended March 31, 2004.....	1.60	1.07
Quarter Ended June 30, 2004.....	1.40	1.01
Quarter Ending September 30, 2004.....	1.54	1.14

Fiscal 2005

Quarter Ended December 31, 2004.....	\$1.57	\$1.11
Quarter Ended March 31, 2005 (through January 20, 2005.....)	1.55	1.25

On January 20, 2005, the closing price of our common stock was \$1.31 per share.

As of December 31, 2004, we estimate the approximate number of stockholders of record of our common stock to be 2,600. This number excludes individual stockholders holding stock under nominee security position listings.

Dividends

We have not paid any cash dividends on our common stock and do not anticipate declaring or paying any cash dividends in the foreseeable future. In addition, our agreements with Laurus prohibit the payment of cash dividends. Nonetheless, the holders of our common stock are entitled to dividends when and if declared by our board of directors from legally available funds.

9

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Fiscal Year ended September 30, 2004 Compared to Fiscal Year ended September 30, 2003

Net sales for the fiscal year ended September 30, 2004 were \$30,777,182, a 4% increase, compared to last year's net sales of \$29,679,992, which included approximately \$1,357,000 of net sales associated with our majority owned joint venture which was divested on April 1, 2003 and two kiln relationships terminated during fiscal 2003. We processed approximately 30.6 million passenger tire equivalents during the fiscal year ended September 30, 2004, compared to approximately 28.6 million passenger tire equivalents during the fiscal year ended September 30, 2003.

Overall end product sales increased approximately \$963,000 to \$8,540,000 during the fiscal year ended September 30, 2004, compared to \$7,577,000 for the same period last year, despite our Georgia waste wire processing equipment being off-line since April 2003. The 13% increase in end product sales is attributable to implementation of our waste wire processing equipment in the Midwest during the second half of fiscal 2003 and stronger crumb rubber and tire-derived fuel sales during the fiscal year ended September 30, 2004. The overall quality of revenue (revenue per passenger tire equivalent) benefited from increased tire volumes and end product sales, which partially offset a 6.2% reduction in

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

tipping fees per passenger tire equivalent resulting from lower tipping fees in certain markets.

Gross profit for the fiscal year ended September 30, 2004 was \$3,716,536 or 12% of net sales, compared to \$3,977,981 or 13% of net sales for year ended September 30, 2003. The gross profit for the year ended September 30, 2004 reflects the fact that we continue to absorb an estimated \$2,000,000 of excess transportation and disposal costs and reduced end product revenue resulting from the delayed implementation of our Tennessee facility and Georgia waste wire equipment. The gross profit for the fiscal year ended September 30, 2003 reflects approximately \$800,000 of excess transportation costs resulting from the delayed implementation of our Tennessee facility and approximately \$500,000 of excess disposal costs and reduced end product revenue, net of business interruption insurance reimbursement as a result of the Georgia waste wire equipment fire in March 2003. The results for fiscal 2003 also include (1) approximately \$400,000 of operating inefficiencies associated with the transition of our Wisconsin operations from a size reduction facility to a whole tire transfer station which was completed during the first quarter of fiscal 2004; (2) approximately \$150,000 relating to costs specifically associated with operational disruptions and increased transportation costs incurred during the shredding equipment upgrade at our Iowa subsidiary which was completed in February 2003; (3) over \$125,000 in lost profitability due to boiler problems experienced at two large tire-derived fuel customers (which were corrected in June 2003); and (4) approximately \$250,000 relating to losses associated with a kiln relationship terminated on December 31, 2002 and the attempted commercialization of our roofing shingle project.

Selling, general and administrative expenses for the fiscal year ended September 30, 2004 decreased \$755,007 to \$4,679,263 or 15% of net sales, compared to \$5,434,270 or 18% of net sales for the fiscal year ended September 30, 2003. The reduction is due to a focused effort to reduce corporate wide expenses and the elimination of expenses associated with our majority owned joint venture which was divested in April 2003.

In February 2003, we decided to reconfigure our Wisconsin operations from a low-volume size reduction facility to a whole tire transfer station supplying compliant tires to a cement kiln. The cement kiln continues consuming a majority of the scrap tires collected by our Wisconsin facility. In addition, in order to meet increased demand in the Midwest and Southeast for smaller and more lucrative tire-derived fuel material, several new pieces of shredding and screening equipment were installed at our Georgia and Minnesota facilities during the second half of fiscal 2003. As a result of these decisions, we determined that certain equipment was no longer necessary or that the net book value of certain identified assets exceeded the estimated fair market value and, accordingly we recorded a non-cash impairment loss of \$261,278 during the fiscal year ended September 30, 2003. The available equipment has either been utilized at our other locations or sold.

10

As a result of the foregoing, our operating loss for the fiscal year ended September 30, 2004 decreased 44% or \$754,840 to \$962,727, compared to an operating loss of \$1,717,567 for the fiscal year ended September 30, 2003.

Interest and financing costs for the fiscal year ended September 30, 2004 increased \$473,332 to \$1,859,416, compared to \$1,386,084 for the fiscal year ended September 30, 2003. The increase was primarily attributable to the inclusion of approximately \$407,000 of deferred financing costs associated with our fiscal 2004 financing efforts.

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

In addition to the lost product revenues caused by the March 2003 fire at our Georgia facility, we also incurred additional direct costs relating to excess disposal costs totaling approximately \$95,000, which were offset by an insurance recovery of \$207,873 received during the fiscal year ended September 30, 2004. During the fiscal year ended September 30, 2004 we also recorded other income of approximately \$90,000 relating to a settlement for damaged product.

As a result of the foregoing, our net loss for the fiscal year ended September 30, 2004 decreased \$247,902 or 9% to \$2,644,641 or \$.15 per basic share, compared to a net loss of \$2,892,543 or \$.18 per basic share for the fiscal year ended September 30, 2003.

Liquidity and Capital Resources

As of September 30, 2004, we had \$509,787 in cash and cash equivalents and a working capital deficiency of \$3,522,130. We understand that the continued, successful sales and marketing of our services and products, the introduction of new products, and re-establishing continued profitability from operations will be critical to our future liquidity.

Our Consolidated Statements of Cash Flows reflect events in 2004 and 2003 as they affect our liquidity. During the fiscal year ended September 30, 2004, net cash used for operating activities was \$1,493,061, which reflects a net loss of \$2,644,641; a \$555,420 increase in product inventory as a result of increased processing capacity and weather related delays in shipping mid-west product; a \$1,015,500 increase in accounts receivable; and increased prepaid expenses and parts inventories. Positively impacting cash flows for the fiscal year ended September 30, 2004 was depreciation and amortization of \$2,680,114, and the receipt of \$932,045 of insurance proceeds. During the fiscal year ended September 30, 2003, net cash provided by operating activities was \$1,961,768. Cash flows during this period were positively impacted by depreciation and amortization of \$2,271,830, a \$704,100 decrease in accounts receivable and an increase in accounts payable and accrued expenses of \$1,954,914 in the aggregate.

Net cash used for investing activities was \$414,116 for the fiscal year ended September 30, 2004, reflecting the \$1,444,580 of proceeds received from the sale of our Minnesota real estate which offset the purchase of \$1,649,264 of property and equipment. The net cash used by investing activities for the for the fiscal year ended September 30, 2003 was \$2,522,496, reflecting significant investments made for the purchase of property and equipment to increase capacity and efficiencies at several of our operating locations.

Net cash provided by financing activities was \$1,426,219 during the fiscal year ended September 30, 2004 and was positively impacted by the new Laurus credit facility and the completion of the April 2004 private placement of investment units which collectively generated approximately \$6,833,000 of new cash flow before expenses. These increases were offset by repayment of notes payable of \$4,726,894, including approximately \$3,800,000 associated with the payoff of our Minnesota real estate loan, WAMCO credit facility and Cryopolymers Leasing note payable. Positively affecting cash flows from financing activities for both periods were proceeds from the issuance of notes payable to unrelated and related parties.

Our financial statements have been prepared assuming we will continue as a going concern. We have incurred substantial losses from operations, and have a

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

working capital deficiency of \$3,522,130 at September 30, 2004. These factors raise substantial doubt about our ability to continue as a going concern. Our liquidity had been significantly and adversely affected since our primary source of working capital financing and long term debt, Southern Pacific Bank and its wholly owned subsidiary Coast Business Credit, were closed by the Commissioner of Financial Institutions of the State of California in February 2003. In particular, we have had to significantly slow down or delay the implementation of several growth initiatives, including establishing a new high volume tire processing facility in Tennessee, shredding and screening upgrades in Georgia and Minnesota, and the installation of our waste wire processing equipment in Minnesota. These conditions have caused us to incur both significant expenses in the short-term and have limitations on our ability to grow in the longer-term.

Despite these challenges during the past fifteen months, we invested over \$3 million in new equipment to increase processing capacity at our Iowa, Minnesota, Georgia and Tennessee locations, which will allow us to increase our overall revenue with no further capital investment. We have identified, and are currently selling product into, several new, higher-value markets as evidenced by a 13% increase in end product revenue during the current year despite the fact our Georgia waste wire processing equipment has been inoperable since April 2003. We estimate that during the year ended September 30, 2004, reduced end product revenue and excess waste disposal costs of over \$1 million were associated with the impact of a March 31, 2003 fire. In November 2004, all previously damaged equipment was re-installed and became operational. We continue to experience strong demand for our end products and remain confident in our ability to continue to grow our revenue base. In addition, we have reconfigured our Wisconsin location to substantially reduce operating costs and maximize our return on assets and as of September 30, 2004 our efforts have resulted in a \$385,000 reduction in that facility's year-to-date expenses compared to the same period last year. The reconfiguration was completed during the first quarter of fiscal 2004. Additionally, management continues to negotiate more favorable tipping fees with kiln relationships in several markets with the ultimate goal of substantially reducing these fees from current levels.

We understand that our continued existence is dependent on our ability to achieve profitable status on a sustainable basis, and have implemented and/or are in the process of implementing the following actions:

Refinancing of Our Credit Facility

Our liquidity had been significantly and adversely affected since our primary source of working capital financing and long term debt, Southern Pacific Bank and its wholly owned subsidiary Coast Business Credit, were closed by the Commissioner of Financial Institutions of the State of California in February 2003. In particular, we have had to significantly slow down or delay the implementation of several growth initiatives, including establishing a new high volume tire processing facility in Tennessee, shredding and screening upgrades in Georgia and Minnesota, and the installation of our waste wire processing equipment in Minnesota. These conditions have caused us to incur both significant expenses in the short-term and have limitations on our ability to grow in the longer-term.

On June 30, 2004, however, we entered into a \$9 million credit facility with Laurus Master Fund, Ltd., consisting of a \$5 million convertible, revolving working capital line of credit and a \$4 million convertible term note. 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 existing credit facility with WAMCO 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

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

including a \$425,000 placement fee paid to our investment bank.

The line of credit has a three-year term. Borrowings bear interest at the prime rate published in The Wall Street Journal from time to time plus 1.0% (5.75% at September 30, 2004), 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%. Subject to certain limitations, Laurus will have the right, but not the obligation, to convert the first \$1 million of borrowings under the line of credit into our common stock at a price of \$1.31 (a 10% premium over the 22-day trailing average closing price of our common stock on the American Stock Exchange on June 30, 2004). The conversion price for each subsequent \$1 million of borrowings will be adjusted upward so that the conversion price will always reflect a 10% premium over the 22-day trailing average closing price computed on

12

each \$1 million increment. The amount we may borrow at any time under the line of credit is limited to 90% of eligible accounts receivable (90 days or less) and 50% of eligible finished goods inventory, subject to certain limitations. The line of credit requires us to maintain a minimum borrowing of \$1,000,000.

In connection with the line of credit, we issued Laurus a warrant to purchase up to 990,000 shares of our common stock at prices ranging from \$1.63 to \$2.29. The warrant, valued at \$82,731, is immediately exercisable, has a term of ten years and allows for cashless exercise at the option of Laurus, and does not contain any "put" provisions.

Net proceeds received from advances made under the line at closing were allocated to the line of credit and the warrant based on their relative fair values resulting in a discount on the line of credit amounting to \$186,700 which will be amortized to interest expense over the three-year term of the borrowing or immediately upon conversion.

The term note also has a three-year term and bears interest at the prime rate published in The Wall Street Journal from time to time plus 1.0% (5.75% at September 30, 2004), with interest payable monthly. Except for downward adjustments provided in the credit facility terms described below, the interest rate shall not be below 5%. Principal will be amortized over the term of the loan, commencing on November 1, 2004, with minimum monthly principal payments of \$125,000. Laurus has the option to convert some or all of the principal and interest payments into common stock at a fixed conversion price of \$1.25 reflecting a 5% premium over the 22-day trailing average closing price of our common stock on the American Stock Exchange on June 30, 2004. 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.

In connection with the term note, we issued Laurus a warrant to purchase up to 390,000 shares of our common stock at prices ranging from \$1.56 to \$2.18. The warrant, valued at \$37,161, is immediately exercisable, has a term of ten years and 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

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

\$3,788,950 and were allocated to the term note and the warrant based on their relative fair values. The note contained a beneficial conversion feature of \$64,000 at issuance based on the intrinsic value of the shares into which the note is convertible, and a debt issue discount amounting to \$248,200. The beneficial conversion discount was recorded as paid-in-capital and will be amortized to interest expense along with the debt discount over the three-year term of the note or ratably upon any partial conversion.

We will be required to pay a premium of 2% of the amount of each principal payment made in cash under the line of credit and/or the term note. In addition, we will be required to pay a penalty of 20% of the then-outstanding balance of the term note if we prepay that note.

The interest rate under each of the notes is subject to downward adjustment on a monthly basis (but not to less than 0%). The downward adjustment will be in the amount of 200 basis points (2.0%) for each incremental 25% increase in the average closing price of our common stock over the then applicable conversion price of the note for the five-day period preceding such monthly determination date if we have at that time registered for resale all of the shares of our common stock underlying the notes and warrants we are issuing to Laurus in this transaction, or 100 basis points (1.0%) for each incremental 25% increase in the average closing price of our common stock over the then applicable conversion price of the note for the five-day period preceding such monthly determination date if we have not at that time registered for resale all of such shares.

13

The credit facility is secured by a first-priority security interest in substantially all of our assets, including the capital stock of our active subsidiaries. Our active subsidiaries have guaranteed our obligations to Laurus and have granted Laurus a security interest in their assets to secure this guarantee.

We incurred investment banking costs amounting to \$559,000, including \$455,000 in cash and \$103,840 in the form of 57,252 shares of our unregistered common stock valued at \$75,000 and warrants to purchase up to 270,000 shares of our common stock valued at \$28,840. The warrants are immediately exercisable, have a term of five years and have exercise prices ranging from \$1.64 to \$2.29.

Total debt issuance costs incurred in connection with securing the Laurus credit facility amounted to approximately \$661,000 which have been recorded as deferred financing costs to be amortized to interest expense over the three year term. Additionally, a management fee amounting to \$315,000 was paid to Laurus from the closing proceeds, and was recorded as a debt discount to be amortized to interest expense over the three year term.

We have agreed to register for resale under the Securities Act of 1933 the shares of common stock issuable to Laurus upon conversion of borrowings under the credit facility and upon exercise of the warrants.

The amount of our common stock Laurus may hold at any given time is limited to no more than 4.99% of our outstanding capital stock and no more than 25% of our aggregate daily trading volume determined over the five-day period prior to the date of determination. These limitations may be waived by Laurus on 90 days' prior notice, or without notice if we are in default.

The conversion price applicable to each of the notes and the exercise price of each of the warrants is subject to downward adjustment if we issue shares of our common stock (or common stock equivalents) at a price per share

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

less than the applicable conversion or exercise price. There are exceptions for issuances of stock and options to our employees and for certain other ordinary course stock issuances.

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 certain monetary judgments against us that are not paid or vacated for a period of 30 business days; (vi) suspensions of trading of our common stock; (vii) any failure to deliver shares of common stock upon conversions under the credit facility; (viii) certain defaults under agreements related to any of our other indebtedness; (ix) payments of any dividends either in cash or stock; and (x) changes of control of our company. Substantial fees and penalties are payable to Laurus in the event of default.

Additional Steps to Increase Liquidity

Over the last several years, we have funded portions of our operating cash flow and growth from sales of equity securities and loans from officers and related parties.

In a private placement commencing in February 2002 and ending September 30, 2003, we sold 1,458,511 shares of our common stock to investors, including existing shareholders, for gross proceeds of \$2,133,603. A majority of the proceeds of this offering were used to acquire certain tire recycling operations and assets.

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 six 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.

14

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 re-establish our Georgia waste wire processing capacity and for general working capital purposes during the seasonally slower portion of our fiscal year.

From June 2003 through March 2004, several of our officers and members of

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

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, including \$21,000 of accrued interest, to exercise options to purchase 185,000 shares of our common stock. At September 30, 2004, the remaining balance on these advances amounted to \$699,320. (See "Certain Relationships and Related Transactions - Loans; Personal Guarantees.")

Repurchase of Class B Convertible Preferred Stock

On February 14, 2002, we repurchased and retired all of the Class B convertible Preferred Stock held by Republic Services of Georgia, Limited Partnership (as successor to United Waste Services, Inc.) for a \$1,500,000 promissory note bearing interest at 10% and due in February 2007 and 100,000 shares of common stock valued at \$1.60 per share on the date of issuance.

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

Operating Performance Enhancements

During the past five years, we have terminated under-performing operations and initiatives and eliminated the use of non-conventional financing methods that had contributed over \$18.7 million to our accumulated deficit. In order to position our company to be stronger, more profitable and to enhance shareholder value in the future, we began initiatives during fiscal 2003 to upgrade existing operations, expand into new geographic locations to maximize existing transportation and marketing infrastructures, and continue to identify better and more profitable uses for existing and new products.

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. We have previously purchased secondary equipment for our Georgia (damaged in the March 2003 fire and reestablished in November 2004), Iowa and Minnesota facilities to further process the waste wire residual into saleable components of rubber and steel that not only provide new sources of revenue but also significantly reduced our residual disposal costs.

During the fourth quarter of fiscal 2002, we initiated a \$1.5 million equipment upgrade to our Des Moines, Iowa tire processing facility. We completely replaced all tire shredders with more efficient, higher volume equipment and installed a waste wire processing equipment line that reduced waste wire disposal costs while increasing our production capacity to over 20 million pounds of rubber feedstock per year for our internal crumb rubber operations. From July through December 2002, we experienced inevitable one-time

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

operational disruptions during the equipment installation. Additionally, we incurred increased transportation costs because a significant portion of Iowa tires were diverted to our Minnesota plant for processing during the upgrade. These disruptive factors negatively impacted earnings in the first quarter of fiscal 2003 by approximately \$150,000. Additionally, we believe that these actions position us to better meet the growing market demand for our products and services as evidenced by the fact that Iowa crumb product shipments have increased almost three-fold during the fiscal year ended September 30, 2003, compared to the same period in fiscal 2002. The capital investment in Iowa was funded by a combination of internal cash flow and long-term debt provided by First American Bank of Des Moines, Iowa and the State of Iowa.

On March 31, 2003, a portion of our Georgia facility and several pieces of waste wire processing equipment were damaged by a fire. As of September 30, 2003, damaged equipment and parts with a net book value of approximately \$179,000 have been written off and we have incurred \$225,000 of expenses associated with the fire, including \$211,000 of excess waste wire disposal. In December 2003 we reached a \$1.03 million settlement with our insurance carrier in connection with the claims associated with the fire and have received all remaining amounts due under this insurance claim. During the quarter ended December 31, 2003, we recognized \$207,873 of casualty income associated with the insurance settlement before related costs of \$95,000 during the quarter. We estimate that during the year ended September 30, 2004, reduced end product revenue and excess waste disposal costs of over \$1 million were associated with the impact of the March 31, 2003 fire. In November 2004, all previously damaged equipment was re-installed and became operational.

Following the February 2003 decision to reconfigure our Wisconsin operations, waste wire processing equipment in Wisconsin was taken off line in March 2003 with the intention of moving it to our Minnesota operation. We had originally delayed the relocation of the equipment to Minnesota in order to evaluate whether to deploy it in Georgia to temporarily replace the damaged equipment; however, in May 2003 we decided to relocate the Wisconsin equipment to Minnesota as planned. The Minnesota waste wire processing equipment began initial operation in July 2003. We estimate this equipment will reduce disposal expense by over \$160,000 per year, while providing new sources of revenue and much needed material feedstock for our Iowa crumb rubber operations. In addition to the existing waste wire processing equipment, we invested an additional \$250,000 in new support equipment and infrastructure improvements. These capital investments were funded by internal cash flow.

In addition, during the first half of fiscal 2003, several new pieces of shredding and screening equipment were installed at our Minnesota and Georgia locations in order to meet increased demand for more lucrative smaller tire-derived fuel material in the Midwest and Southeast. These capital investments, which exceeded \$525,000, were funded by internal cash flow.

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 are adversely affected by significant increases in the cost of fuel; however, such increases also create additional market demand for our tire-derived fuel products. Additionally, because we rely on floating-rate debt for certain financing arrangements, rising interest rates would have a negative effect on our performance.

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

Other Matters That Have Impacted Our Liquidity

New Market Development Initiatives.

The July 2002 acquisition of a scrap tire business in Azusa, California marked our first location in the western portion of the United States. We have devoted significant resources during the past twenty-four months to expand and enhance our California market position in order to provide a solid foundation for future growth and sustainable profitability.

On July 1, 2004, we acquired certain assets of American Tire Disposal, Inc., a southern California based company in the business of collecting and marketing scrap tires, for approximately \$172,000 in assumed liabilities, forgiveness of trade payables due to us and cash. We have consolidated American Tire Disposal's business into our existing California operations.

16

In February 2003, we announced our intent to open a new high-volume tire processing facility in LaVergne, Tennessee as a result of experiencing significant market share growth during the last two years. Historically, we transported all Tennessee-sourced tires to our Georgia facility to be processed. We anticipated that a majority of the funding to implement this initiative would come from our principal lender, which unfortunately was closed by the Commissioner of Financial Institutions of the State of California in February 2003, shortly after we received verbal approval to move forward. In July 2003, our Tennessee facility began processing local tires on a limited basis using excess and idle equipment from various other locations. We initially earmarked approximately \$1 million of proceeds from the Laurus credit facility to purchase equipment necessary for our Tennessee facility.

In August 2004, we executed a non-binding letter of intent and escrow agreement in connection with a potential business acquisition. Pursuant to the escrow agreement, we have 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 will lease, with an option to buy, certain pieces of tire processing equipment owned by the third party. These leases were executed in January 2005 and provide for aggregate monthly payments of \$25,300 over terms ranging from 48 to 60 months. In addition, we were granted an exclusive purchase option to acquire additional operating assets of the third party if predetermined financial performance criteria are met by the third party during the subsequent fifteen to twenty-four month period after December 8, 2004. The ultimate purchase price cannot be determined at this time. In return for the exclusive purchase option, we issued 127,389 shares of our common stock (valued at \$200,000) to the third party. If we exercise our exclusive purchase option and close a transaction, the value of the shares will be applied against the purchase price of the assets. If the exclusive purchase option expires or we decide not to exercise the option, the third party shall retain a number of our shares sufficient 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 expires the value of the shares is less than \$200,000, we will issue a number of additional shares sufficient to equal \$200,000. We have also agreed to use the \$350,000 held in escrow to prepare and move the leased equipment for our use. The \$350,000 escrow deposit is included in other long term assets.

Due to delays in identifying the appropriate remaining equipment for Tennessee, we reallocated approximately \$650,000 of the proceeds to be used to

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

re-establish our Georgia waste wire processing equipment line in November 2004 as well as support the limited Tennessee operation during this period. We are currently evaluating several alternatives which will allow us to commence operations in Tennessee during the second quarter of fiscal 2005. When the Tennessee facility is fully operational, we estimate the cost savings realized by processing Tennessee-sourced tires locally instead of transporting them to Georgia should exceed \$80,000 per month.

Also in February 2003, we decided to reconfigure the operations of our Wisconsin facility from an unprofitable low-volume size reduction facility to a whole tire transfer station supplying compliant tires to a cement kiln. The decision was made because the cement kiln is anticipated to continue consuming a majority of the scrap tires collected by our Wisconsin facility. As of September 30, 2004, our on-going efforts to increase tire volume and reduce expenses in Wisconsin have resulted in a \$385,000 reduction in that facility's year-to-date expenses compared to the same period last year. The reconfiguration was completed during the first quarter of fiscal 2004.

During fiscal 2003 we invested over \$1.5 million developing and/or reconfiguring our California, Tennessee and Wisconsin operations. These investments have come in the form of new internally financed capital equipment and the funding of new market development initiatives.

We believe that our current cash position and current credit facilities combined with internally generated cash flow will satisfy our cash requirements for the foreseeable future.

17

Off-balance Sheet Arrangements

We lease various facilities and equipment under cancelable and noncancelable short and long-term operating leases which are described in Note 11 to our consolidated financial statements contained herein.

18

BUSINESS

General

GreenMan Technologies, Inc. (together with its subsidiaries "we", "us" or "our") was originally founded in 1992 has been operated as a Delaware corporation since 1995. Today, we comprise six operating locations that collect, process and market scrap tires in whole, shredded or granular form. We are headquartered in Lynnfield, Massachusetts and currently operate tire processing operations in California, Georgia, Iowa, Minnesota, Tennessee and Wisconsin and operate under exclusive agreements to supply whole tires used as alternative fuel to cement kilns located in Alabama, Florida, Georgia, Illinois, Missouri, Tennessee and Texas.

Recent Developments

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

On March 31, 2003, a portion of our Georgia facility and several pieces of waste wire processing equipment were damaged by a fire. As of September 30, 2003, damaged equipment and parts with a net book value of approximately \$179,000 was written off and we incurred \$225,000 of expenses associated with the fire, including \$211,000 of excess waste wire disposal. In December 2003, we reached a \$1.03 million settlement with our insurance carrier in connection with the claims associated with the fire and received all remaining amounts due under this insurance claim. We recognized \$112,082 of casualty income associated with the insurance settlement net of related costs in December 2003, and \$431,594 in fiscal 2003. We estimate that during the year ended September 30, 2004, reduced end product revenue and excess waste disposal costs of over \$1 million were associated with the impact of the fire. In November 2004, all previously damaged equipment was re-installed and became operational.

During March 2004, our Minnesota subsidiary sold all of its land and buildings to an entity co-owned by an officer for \$1,400,000, realizing a gain of \$437,337 which will be amortized into income over a 12 year period. Simultaneous with the sale, we entered into an agreement to lease property back for a term of 12 years at an annual rent of \$195,000, increasing to \$227,460 over the term of the lease.

On April 9, 2004, we commenced a private offering of investment units. Each unit consists 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 was 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 \$1,547,000.

In April 2004, our Wisconsin subsidiary reached agreement with the lessor of certain processing equipment to buy-out the remaining term of the lease. The lessor agreed to accept several pieces of idle equipment, 50,000 unregistered shares of our common stock, and cash, valued in the aggregate at approximately \$180,000, in full settlement of our capital lease obligation with a carrying value of approximately \$192,000 at March 31, 2004. We realized a gain of approximately \$12,000 in connection with this transaction.

On June 30, 2004, we entered into a three-year, \$9 million credit facility with Laurus Master Fund, Ltd., consisting of a \$5 million convertible, revolving working capital line of credit and a \$4 million convertible term loan.

On July 1, 2004, we acquired certain assets of American Tire Disposal, Inc., a southern California based company in the business of collecting and marketing scrap tires, for approximately \$172,000 in assumed liabilities, forgiveness of trade payables due to us and cash. We have consolidated American Tire Disposal's business into our existing California operations.

Products and Services

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

We collect scrap tires from three sources:

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

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

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

In some states where we have disposal contracts with cement kilns, our whole tire operations are paid a fee by existing tire collectors to dispose of whole tires at our location. We pay the cement kilns a fee to accept the whole tires which they then use as an alternative fuel source to coal, while also providing a source of iron oxide which is required in the cement making process.

Manufacturing/Processing

Our tire shredding operations currently have the capacity to process about 40 million passenger tire equivalents annually. We collected over 30.6 million passenger tire equivalents in the fiscal year ended September 30, 2004, compared to approximately 28.6 million passenger tire equivalents during the year ended September 30, 2003. We anticipate processing over 32 million passenger tire equivalents in fiscal 2005, based on current processing volumes

The method used to process tires is a series of commercially available shredders that sequentially reduce tires from whole tires to two-inch chips or smaller. Bead-steel is removed magnetically yielding a "95% wire-free chip." This primary recycling process recovers approximately 60% of the incoming tire. The remaining balance consists of un-saleable cross-contaminated rubber and steel ("waste wire"), which we have historically disposed of at costs exceeding \$1 million annually. To minimize this disposal cost, we have installed secondary equipment at our Georgia, Iowa, and Minnesota facilities which further processes the waste wire residual into saleable components of rubber and steel which not only has reduced residual disposal costs, but also provides new sources of revenue. In our Iowa facility, rubber is further granulated into particles less than one-quarter inch in size for use in the rapidly expanding athletic surfaces and playground markets.

The secondary equipment located at our Georgia facility was damaged in a March 2003 fire. The equipment was returned to operative status during November 2004.

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

Raw Materials

We believe we will have access to a supply of tires sufficient to meet our requirements for the foreseeable future. According to the Rubber Manufacturers Association, in 2003, approximately 290 million passenger tire equivalents (approximately one per person per year) were discarded in the United States ("current generation scrap tires") in addition to an estimated several hundred million scrap passenger tire equivalents already stockpiled in illegal tire piles. The Rubber Manufacturers Association estimates that a total of approximately 233 million passenger tire equivalents are currently recycled, of which approximately 130 million are burned as tire-derived fuel; 55 million are

20

used in civil engineering applications; and 48 million are used in various other applications such as crumb rubber production, retreading and export. The approximately 57 million remaining passenger tire equivalents are now added to landfills annually. Based on this and other data, there appears to be an abundant supply of tires to meet our growth plans.

Customers

Our tire recycling operations have a diversified collection and product sales program that minimizes our vulnerability to the loss of any one customer. For the fiscal years ended September 30, 2004 and 2003, no one customer accounted for more than 10% of our consolidated net sales. Our diverse base of customers includes Bridgestone/Firestone, Cooper, Continental, Goodyear, Michelin, many local and regional tire outlets and state and local governments. We do not believe that the loss of any individual customer would have a material adverse effect on our business.

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

Sales and Marketing

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

Competition

We have positioned ourselves as a leader in the tire recycling industry. Based on our current scrap tire volumes, we estimate we collect approximately 11% of domestic scrap tires currently generated, making us one of the largest tire recyclers in the United States.

We compete in a highly fragmented and decentralized market in which many of our competitors are small and undercapitalized. Consequently, we believe

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

there is an opportunity for industry consolidation and certain strategic value-added vertical integration. Our strategy is to continue to increase the number of passenger tire equivalents that we process through aggressive sales and marketing efforts as well as through selective acquisitions of smaller competitors, while continuing to focus on identifying and generating new marketing strategies for recycled tires and their value added by-products.

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

Government Regulation

Our tire recycling and processing activities are subject to extensive and rigorous government regulation designed to protect the environment. We do not believe that our activities result in emission of air pollutants, disposal of combustion residues, or storage of hazardous substances except in compliance with applicable permits and standards. The establishment and operation of plants for tire recycling, however, are subject to obtaining numerous permits and compliance with environmental and other government regulations. The process of obtaining required regulatory approvals can be lengthy and expensive. The Environmental Protection Agency and comparable state and local regulatory agencies actively enforce environmental regulations and conduct periodic inspections to determine compliance with government regulations. Failure to

21

comply with applicable regulatory requirements can result in, among other things, fines, suspensions of approvals, seizure or recall of products, operating restrictions, and criminal prosecutions. Furthermore, changes in existing regulations or adoption of new regulations could impose costly new procedures for compliance, or prevent us from obtaining, or affect the timing of, regulatory approvals. We use our best efforts to keep abreast of changed or new regulations for immediate implementation.

Protection of Intellectual Property Rights and Proprietary Rights

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

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

Employees

As of September 30, 2004, we had approximately 190 full time employees. We are not a party to any collective bargaining agreements and consider the relationship with our employees to be satisfactory.

Properties

Our Minnesota subsidiary leases two industrial buildings and an office building in Savage, Minnesota, located on approximately 8 acres of land zoned for industrial use. In March 2004, this subsidiary sold that property to an

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

entity co-owned by one of our employees for \$1,400,000. Simultaneously with the sale, we entered into an agreement to lease the property back for a term of 12 years at an annual rent of \$195,000, increasing to \$227,460 over the term of the lease. The lease provides for two additional 4-year extensions. (See "Certain Relationships and Related Transactions - Related Party Transactions.")

In April 2001, our Georgia subsidiary sold all of its land and buildings located in Jackson, Georgia to a third party. Simultaneous with the sale, the subsidiary executed a twenty-year lease with the same third party for use of that property at a monthly rental of \$17,642. The lease can be renewed for four additional five-year periods, and provides us an option to repurchase the land and buildings at fair market value after the second anniversary of the lease. In December 2002, the lease was assigned to Mart Management, an unrelated third party. In September 30, 2003, Mart Management loaned us \$100,000 under a twelve month unsecured note payable bearing interest quarterly at 12% per annum. In April 2004, Mart Management agreed to invest the \$100,000 principal balance due under the note and accrued interest of \$7,300 into a private placement of our securities. (See "Certain Relationships and Related Transactions - Related Party Transactions.")

Our Iowa subsidiary leases a facility located on approximately four acres of land under a ten-year lease commencing in April 2003 from Maust Asset Management Company, LLC, a company co-owned by one of our employees. Under the terms of the lease, monthly rental payments of \$8,250 are required for the first five years, increasing to \$9,000 per month for the remaining five years. The lease also provides us with a right of first refusal to purchase the land and buildings at fair market value during the term of the lease. Maust Asset Management acquired the property from the former lessor. (See "Certain Relationships and Related Transactions - Related Party Transactions.")

On April 1, 2003, our Wisconsin subsidiary acquired the land and buildings in which it operates for \$362,900 under a sixty-seven month promissory note with aggregate payments of \$76,500 over the first eight months. Thereafter, commencing December 1, 2003, the note requires monthly payments of \$2,886, including interest at 8% per annum with the remaining principal balance due on November 1, 2008.

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

22

Our Tennessee subsidiary leases a facility of approximately 26,000 square feet located on approximately two acres of land under a three-year agreement for \$10,222 per month. The lease can be renewed for an additional five-year period and includes an option to purchase the land and buildings at fair market value during the term of the lease.

We lease approximately 3,380 square feet of office space in Lynnfield, Massachusetts at a monthly rental of \$5,070 under a five-year lease that expires in May 2008. In June 2004, we amended this lease to include an additional 1,125 square feet of office space for additional monthly rent of \$1,500.

We believe these facilities are adequate for our current needs and have adequate space to accommodate expansion if required to meet ongoing growth.

MANAGEMENT

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

Directors and Executive Officers

The following table sets forth our directors and executive officers, their ages and the positions they hold within our company:

Name ----	Age ---	Position -----
Maurice E. Needham.....	64	Chairman of the Board of Directors
Robert H. Davis.....	62	Chief Executive Officer; President; Director
Charles E. Coppa.....	41	Chief Financial Officer; Treasurer; Secretary
Dr. Allen Kahn.....	83	Director
Lew F. Boyd.....	58	Director
Lyle Jensen.....	53	Director

We have established an Audit Committee consisting of Messrs. Jensen (Chair) and Boyd and Dr. Kahn, and a Compensation Committee consisting of Messrs. Boyd (Chair) and Jensen. Our Board of Directors has determined that Mr. Jensen is an "audit committee financial expert" within the meaning given that term by Item 401(e) of Regulation S-B and that Mr. Jensen is "independent" within the meaning given to that term by Item 7(d)(3)(iv) of Schedule 14A under the Exchange Act.

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

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

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

Allen Kahn, M.D., has been a Director since March 2000. Dr. Kahn operated a private medical practice in Chicago, Illinois, which he founded in 1953 until his retirement in October 2002. Dr. Kahn has been actively involved as an investor in "concept companies" since 1960. From 1965 through 1995 Dr. Kahn

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

served as a member of the Board of Directors of Nease Chemical Company (currently German Chemical Company), Hollymatic Corporation and Pay Fone Systems (currently Pay Chex, Inc.).

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

Lyle Jensen has been a Director since May 2002. Mr. Jensen is currently a Business Development and Operations Consultant. Prior to that he held executive roles as Chief Executive Officer and minority owner of Comtel and Corlund Electronics, Inc. He served as President of Dynaco Corporation from 1988 to 1997, General Manager of Interconics from 1984 to 1988 and various financial and general management roles within Rockwell International from 1973 to 1984.

EXECUTIVE COMPENSATION

Executive Compensation

The following table summarizes the compensation paid or accrued for services rendered during the fiscal years ended September 30, 2004, 2003 and 2002, to our Chief Executive Officer, our former Vice President of Operations and our Chief Financial Officer. We did not grant any restricted stock awards or stock appreciation rights or make any long-term plan payouts during the periods indicated.

SUMMARY COMPENSATION TABLE

Name and Principal Position -----	Fiscal Year ----	Annual Compensation -----		Long-Term Compensation -----	
		Salary -----	Bonus -----	Other Annual Compensation (1) -----	Secu Unde Opti
Robert H. Davis, Chief Executive Officer	2004	\$230,000	\$ --	\$21,468	
	2003	230,000	--	19,900	
	2002	230,000	23,000	16,817	
Mark T. Maust, Vice President (3)	2004	\$140,000	\$56,000	\$22,598	
	2003	140,000	--	18,908	
	2002	140,000	70,000	17,278	
Charles E. Coppa, Chief Financial Officer	2004	\$130,000	\$ --	\$22,906	6
	2003	130,000	--	9,343	
	2002	130,000	5,000	7,200	

(1) Represents payments made to or on behalf of Messrs. Davis, Maust and Coppa

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

- for health, life and disability insurance and auto allowances.
- (2) The fiscal 2004 grant represents options granted to Mr. Coppa in August 2004. The fiscal 2002 grants represent options granted to Mr. Davis, Mr. Maust and Mr. Coppa in August 2002.
- (3) Mr. Maust also served as our Vice President of Operations until April 2004, when we eliminated that position. Mr. Maust still serves as our Midwest Regional Vice President.

24

Options/SAR Grants Table

The following table sets forth each grant of stock options made during the year ended September 30, 2004 held by the executives named in the Summary Compensation Table above.

OPTION GRANTS IN LAST FISCAL YEAR

Name	Number of Securities Underlying Options Granted	% of Total Options Granted to Employees in the Fiscal Year	Exercise Price Per Share	Market Price On Date of Grant Per Share
----	-----	-----	-----	-----
Charles E. Coppa.....	60,000	11.2%	\$1.24	\$1.24

Options granted have a ten year term and vest equally over a five-year period from the date of grant.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

The following table sets forth information concerning the value of unexercised options as of September 30, 2004 held by the executives named in the Summary Compensation Table above.

Name	Shares Acquired on Exercise (1)	Value Realized (2)	Number of Unexercised Options at September 30, 2004 (3)		Ex
			Exercisable	Unexercisable	
----	-----	-----	-----	-----	-----
Robert H. Davis.....	185,000	\$ 90,940	610,000	149,500	
Mark T. Maust.....	--	--	278,000	54,500	

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

Charles E. Coppa.....	20,000	16,600	323,000	104,500
-----------------------	--------	--------	---------	---------

- (1) During the fiscal year ended September 30, 2004, Mr. Davis exercised 185,000 options at exercise prices ranging from \$.40 to \$.94 per share and Mr. Coppa exercised 20,000 options at exercise prices ranging from \$.38 to \$.40 per share.
- (2) Assumes that the value of shares of common stock is equal to \$1.22 per share, which was the closing bid price on the American Stock Exchange on September 30, 2004.
- (3) The options granted to the executive officers became exercisable commencing July 17, 1998 in the case of Mr. Davis, December 30, 1997 in the case of Mr. Maust and March 23, 1999 in the case of Mr. Coppa at an annual rate of 20% of the underlying shares of our common stock. The options granted to Mr. Davis pursuant to his April 1999 employment agreement vest over a seven-year period.

25

Employment Agreements

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

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

No bonus was payable for fiscal 2004 or 2003. Based upon our fiscal 2002 performance, Mr. Davis chose to accept a reduced bonus amount of \$23,000.

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

In June 2003, we entered into a three-year employment agreement with Mr. Needham pursuant to which Mr. Needham receives a salary of \$90,000 per annum. The agreement automatically renews for three additional years upon each anniversary, unless notice of non-renewal is given by either party. Any

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

increases or bonuses will be made at the discretion of our Board of Directors upon the recommendation of the Compensation Committee. The agreement provides for payment of twelve months salary as a severance payment for termination without cause.

Stock Option Plan

Our 1993 Stock Option Plan was established to provide options to purchase shares of common stock to our employees, officers, directors and consultants. In March 2001, our stockholders approved an increase to the number of shares authorized under the 1993 Stock Option Plan to 3,000,000 shares. This plan expired on June 10, 2004.

Our 2004 Stock Option Plan was adopted by the Board of Directors on April 21, 2004, and is subject to ratification by our stockholders. Subject to such ratification, options granted under the 2004 Stock Option Plan may be either options intended to qualify as "incentive stock options" under Section 422 of the Internal Revenue Code of 1986, as amended; or non-qualified stock options. We will evaluate the market price of our common stock on the date the plan is ratified as compared to the exercise price of all previously granted options under the plan to determine the amount of compensation expense, if any, that should be recognized on such grants.

Incentive stock options may be granted under the 2004 Stock Option Plan to employees, including officers and directors who are employees. Non-qualified options may be granted to our employees, directors and consultants. The 2004 Stock Option Plan is administered by our Board of Directors, which has the authority to determine:

- o the persons to whom options will be granted;
- o the number of shares to be covered by each option;
- o whether the options granted are intended to be incentive stock options;

26

- o the manner of exercise; and
- o the time, manner and form of payment upon exercise of an option.

Incentive stock options granted under the 2004 Stock Option Plan may not be granted at a price less than the fair market value of our common stock on the date of grant (or less than 110% of fair market value in the case of persons holding 10% or more of our voting stock). Non-qualified stock options may be granted at an exercise price established by our Board which may not be less than 85% of fair market value of our shares on the date of grant. Incentive stock options granted under the 1993 Stock Option Plan must expire no more than ten years from the date of grant, and no more than five years from the date of grant in the case of incentive stock options granted to an employee holding 10% or more of our voting stock.

As of September 30, 2004, there were 1,670,356 options granted and outstanding under the 1993 Stock Option Plan of which 1,498,356 options were exercisable at prices ranging from \$0.38 to \$1.80. As of such date, 538,000 options were granted and outstanding under the 2004 Stock Option Plan. No such

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

options are currently exercisable and no such options will become exercisable unless the adoption of this plan is ratified by our stockholders.

Non-Employee Director Stock Option Plan

Our 1996 Non-Employee Director Stock Option Plan is intended to promote our interests by providing an inducement to obtain and retain the services of qualified persons who are not officers or employees to serve as members of our Board of Directors. The Board of Directors has reserved 60,000 shares of common stock for issuance under Non-Employee Director Stock Option Plan.

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

As of September 30, 2004, options to purchase 32,000 shares of our common stock have been granted under the 1996 Non-Employee Director Stock Option Plan, of which 22,000 are outstanding and exercisable at prices ranging from \$0.38 to \$1.95.

Employee Benefit Plan

In August 1999, we implemented a Section 401(k) plan for all eligible employees. Employees are permitted to make elective deferrals of up to 15% of employee compensation and employee contributions to the 401(k) plan are fully vested at all times. We may make discretionary contributions to the 401(k) plan which become vested over a period of five years. We did not make any discretionary contributions to the 401(k) plan during the fiscal years ended September 30, 2004 and 2003.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Stock Issuances; Stock Options; Warrants

In fiscal 2003, Messrs. Needham, Davis, Kahn and Boyd, collectively exercised options and warrants to purchase 255,106 shares of unregistered common stock at exercise prices ranging from \$.31 to \$1.09 per share for gross proceeds of \$113,605.

27

On May 18, 2004, Mr. Jensen was granted options to purchase 75,000 shares of our common stock at an exercise price of \$1.05 per share. These options vest equally over a five-year period and are exercisable for a period of ten years.

On June 24, 2004, Messrs. Needham and Kahn collectively purchased 669,871 units (669,871 shares of our common stock and warrants to purchase 334,936 additional shares of our common stock at prices ranging from \$1.56 to \$1.86 per

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

share) pursuant to the terms of our April 9, 2004 private placement of investment units. The warrants are exercisable at any time between the ninth month and the third year after the date of issuance at an exercise price equal to 150% of the closing bid price of our common stock on the day preceding such date. In addition, in accordance with American Stock Exchange rules, units purchased by officers, directors or affiliates were made at 100% of the closing bid price of our common stock on the day preceding the date such investor's subscription for units became a binding commitment

On August 4, 2004, Messrs. Needham, Coppa and Kahn were collectively granted options to purchase 180,000 shares of our common stock at an exercise price of \$1.24 per share. These options vest equally over a five-year period and are exercisable for a period of ten years.

In fiscal 2004, Messrs. Needham, Davis and Coppa, collectively exercised options and warrants to purchase 223,538 shares of unregistered common stock at exercise prices ranging from \$0.38 to \$0.94 per share for gross proceeds of \$150,435.

Loans; Personal Guarantees

In January 1998, we advanced Mr. Davis \$104,000 under an 8.5% secured loan agreement with both principal and interest due January 2001. This agreement was amended on September 30, 2000 to extend the maturity of the note until April 15, 2002 (subsequently extended to April 15, 2004) and increase the interest rate to 9.5%. On April 30, 2004, the remaining balance of \$163,000, including interest, was applied to offset obligations under our \$400,000 September 30, 2003 note payable due to Mr. Davis.

In January 1999, we advanced Messrs. Davis and Coppa a total of \$55,000 under 8.5% secured loan agreements with both principal and interest due January 2002 (subsequently extended to January 2004). The proceeds were used to participate in a private placement of our common stock and the loans were secured by 191,637 shares of common stock owned by the two officers. In June 2002, Messrs. Davis and Coppa each repaid \$5,000 of their respective then outstanding balances. On March 31, 2004, Mr. Davis's remaining balance of \$24,000 including interest, was applied to offset obligations under our \$400,000 September 30, 2003 note payable to him. On May 11, 2004 Mr. Coppa sold 36,717 shares of common stock valued at \$44,248 back to us in full settlement of all amounts due under his note. We subsequently cancelled these shares, which reduced our total shares issued and outstanding.

Dr. Kahn loaned us \$300,000 under the terms of an October 1999 private offering of 10% convertible notes and warrants and \$75,000 under the terms of a February 2000 private offering of 11% convertible notes and warrants. The warrants were exercisable for a period of five years to purchase 125,000 shares of our common stock at exercise prices ranging from \$.31 to \$.50 per share. The convertible notes originally matured twelve months after issuance and were payable in cash or unregistered shares of our common stock at a conversion price of \$1.00 per share. In September 2000 and June 2001, Dr. Kahn agreed to extend the maturity date of each note for an additional twelve months from their original maturity. In return for the June 2001 extension, we agreed to reduce the conversion price to \$.75 per share. In September 2002, Dr. Kahn again agreed to extend the maturity of each note for an additional twenty-four months from their extended maturity dates which range from October 2004 to February 2005. On February 16, 2004, Dr. Kahn converted these two notes, including \$375,000 of principal and \$168,210 of accrued interest into 724,281 shares of our unregistered common stock pursuant to the amended terms noted above. The warrants were exercised by Dr. Kahn during fiscal 2003.

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

Dr. Kahn has also loaned us \$200,000 under the terms of a November 2000 unsecured promissory note which bears interest at 12% per annum with interest due monthly and the principal due in November 2001. In June 2001, Dr. Kahn agreed to extend the maturity date of the note for an additional twelve months from its original maturity. In September 2002, Dr. Kahn again agreed to extend the maturity of the note until November 2004. In June 2004, Dr. Kahn agreed to extend the maturity of this note until the earlier of when all amounts due under the Laurus credit facility have been repaid or June 30, 2007.

28

During the period of June to August 2003, two immediate family members of Mr. Needham 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 a total of an additional \$200,000, under similar terms with the principal due in March 2006. These individuals each agreed to invest the entire \$100,000 principal balance of their June 2003 notes (\$200,000 in the aggregate) into the April private placement described above and each received 113,636 investment units (113,636 shares of our common stock and warrants to purchase 56,818 additional shares of our common stock at \$1.80 per share) in these transactions. At September 30, 2004, 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.

In September 2003, Mr. Davis 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, Mr. Davis applied approximately \$114,000 of the balance due him plus \$21,000 of accrued interest to exercise options to purchase 185,000 shares of common stock as described above. In addition, he agreed to extend the maturity of the remaining balance of this note until the earlier of when all amount due under the Laurus credit facility have been repaid or June 30, 2007. At September 30, 2004, the remaining balance due on this note was \$99,320.

In October 2003, Mr. Needham loaned us \$75,000 under an unsecured promissory note payable which bears interest at 12% per annum with interest due quarterly and the principal due June 30, 2004. During January and February 2004, Mr. Needham advanced us an additional \$250,000 under substantially similar notes that are also due in June 2004. Mr. Needham agreed to each invest all principal and interest under these advances (\$350,000 in the aggregate) into the April private placement described above and received 339,806 investment units in this transaction.

Related Party Transactions

We rent several pieces of equipment on a monthly basis from Valley View Farms, Inc. and Maust Asset Management, LLC, two companies co-owned by Mr. Maust. Rent expense associated with payments made to the two companies for the fiscal years ended September 30, 2004 and 2003 was \$248,560 and \$281,143, respectively.

In July 2002, our Minnesota subsidiary entered into a four-year equipment lease with Valley View Farms. Under the terms of the lease, the subsidiary is required to pay rent of \$4,394 per month and has the ability to purchase the

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

equipment at the end of the lease at approximately 40% of its original value. The lease is classified as a capital lease at September 30, 2004 with an equipment value of \$146,670.

Our majority-owned joint venture, Able Tire of Oklahoma, LLC which we divested in April 2003, leased on a month-to-month basis, certain rolling stock equipment from Gary Humphreys, an owner of Able Tire Company, LLC, the other member of the joint venture. Payments made to Mr. Humphreys totaled \$48,700 during the fiscal year ended September 30, 2003.

In April 2003, our Iowa subsidiary entered into a ten-year lease agreement with Maust Asset Management for our Iowa facility. Under the terms of the lease, monthly rent payments of \$8,250 are required for the first five years, increasing to \$9,000 per month for the remaining five years. The lease also provides us a right of first refusal to purchase the land and buildings at fair market value during the term of the lease. Maust Asset Management acquired the property from the former lessor. For the fiscal years ended September 30, 2004 and 2003, payments made in connection with this lease amounted to \$111,483 and \$41,250, respectively.

29

During March 2004, our Minnesota subsidiary sold all of its land and buildings to an entity co-owned by Mr. Maust for \$1,400,000, realizing a gain of \$437,337 which has been recorded as unearned income and classified as a non current liability in our financial statements. Simultaneous with the sale, we entered into an agreement to lease the property back for a term of 12 years at an annual rent of \$195,000, increasing to \$227,460 over the term of the lease. The gain will be recognized as income ratably over the term of the lease. The lease provides for two additional 4-year extensions. The lease is classified as a capital lease at September 30, 2004 with an equipment value of \$1,400,000. For the fiscal year ended September 30, 2004, payments made in connection with this lease amounted to \$145,379.

On September 30, 2003, Mart Management, Inc., our Georgia subsidiary's landlord, loaned us \$100,000 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 September 30, 2004. In June 2004, Mart Management agreed to invest the entire \$100,000 principal balance of the unsecured promissory note plus accrued interest of \$7,300 into the April 2004 private placement of investment units and received 121,932 Units in this transaction.

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

30

PRINCIPAL STOCKHOLDERS

The following tables set forth certain information regarding beneficial ownership of our common stock as of December 31, 2004:

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

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

Unless otherwise indicated below, to the best of our knowledge, all persons listed below have sole voting and investment power with respect to their shares of common stock, except to the extent authority is shared by spouses under applicable law. As of December 31, 2004, 19,200,352 shares of our common stock were issued and outstanding.

Security Ownership of Management and Directors

Name (1) -----	Number of Shares Beneficially Owned (2) -----	Per of C -----
Dr. Allen Kahn (3).....	3,273,937	
Maurice E. Needham (4).....	2,210,557	
Robert H. Davis (5).....	1,343,700	
Charles E. Coppa (6).....	669,210	
Mark T. Maust (7)	469,236	
Lew F. Boyd (8).....	367,088	
Lyle Jensen (9).....	15,300	
All officers and directors as a group (7 persons).....	8,349,028	

* Less than 1%

Security Ownership of Certain Beneficial Owners

Name (1) -----	Number of Shares Beneficially Owned -----	Per of -----
Richard Ledet (10).....	1,455,629	
Laurus Master Fund, Ltd. (11).....	1,001,727	

-
- (1) Except as noted, each person's address is care of GreenMan Technologies, Inc., 7 Kimball Lane, Building A, Lynnfield, Massachusetts 01940.
 - (2) Pursuant to the rules of the Securities and Exchange Commission, shares of common stock that an individual or group has a right to acquire within 60 days pursuant to the exercise of options or warrants are deemed to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

table.

- (3) Includes 13,000 shares of common stock issuable pursuant to immediately exercisable stock options.
- (4) Includes 894,962 shares of common stock issuable pursuant to immediately exercisable stock options. Also includes 59,556 shares of common stock owned by Mr. Needham's wife.
- (5) Includes 640,000 shares of common stock issuable pursuant to immediately exercisable stock options.
- (6) Includes 353,000 shares of common stock issuable pursuant to immediately exercisable stock options.

31

- (7) Includes 278,000 shares of common stock issuable pursuant to immediately exercisable stock options.
- (8) Includes 126,894 shares of common stock issuable pursuant to immediately exercisable stock options.
- (9) Includes 15,000 shares of common stock issuable pursuant to immediately exercisable stock options.
- (10) Mr. Ledet's address is 2960 NE Broadway, Des Moines, Iowa 50317.
- (11) Laurus holds (i) warrants to purchase up to 1,380,000 shares of common stock that are exercisable within 60 days (subject to the following sentence) at exercise prices ranging from \$1.56 to \$2.29 per share, (ii) a \$4 million convertible term note that is convertible into 3,100,000 shares of common stock within 60 days (subject to the following sentence) at a conversion price of \$1.25 per share, and (iii) \$1 million minimum borrowing note that is convertible within 60 days (subject to the following sentence) into 763,359 shares of common stock at a conversion price of \$1.31 per share. These warrants are not exercisable, and these notes are not convertible, to the extent that (a) the number of shares of our common stock held by Laurus and (b) the number of shares of our common stock issuable upon exercise of the warrants and conversion of the notes would result in beneficial ownership by Laurus of more than 4.99% of our outstanding shares of common stock. Laurus may waive these provisions, or increase or decrease that percentage, with respect to the warrants and/or the notes on 90 days' prior notice to us, or without notice if we are in default under the notes. Laurus beneficially owns 1,001,727 shares of our common stock underlying warrants and the notes that are exercisable or convertible, as the case may be, within 60 days. Laurus' address is 825 Third Avenue, 14th Floor, New York, New York 10022.

32

SELLING STOCKHOLDERS

The following is a list of the selling stockholders who own or who have the right to acquire the 4,724,565 shares of common stock covered by this prospectus. As set forth below and elsewhere in this prospectus, some of these selling stockholders hold or within the past three years have held, a position, office or other material relationship with us.

The following table sets forth information concerning the selling stockholders, including:

- o the number of shares currently held;

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

- o the number of shares issuable upon conversion of notes payable and interest;
- o the number of shares issuable upon exercise of warrants;
- o the number of shares offered by each selling shareholder.

We have no knowledge of the intentions of any selling shareholder to actually sell any of the securities listed under the columns "Shares Offered."

Name of Selling Stockholder	Before Offering		Number of Shares Offered(3)
	Number of Shares Owned(1)	Percentage Owned(2)	
Laurus Master Fund, Ltd. (5) ...	1,001,727	4.99%	3,801,237
Jed Schutz (6)	923,328	4.7%	923,328

* Less than 1%.

- (1) Includes shares of common stock that the selling stockholder has the right to acquire beneficial ownership of within 60 days.
- (2) Based on 19,200,352 shares of common stock issued and outstanding on December 31, 2004.
- (3) This table assumes that each selling stockholder will sell all shares offered for sale by it under this registration statement. Stockholders are not required to sell their shares.
- (4) Assumes that all shares of common stock registered for resale by this prospectus have been sold.
- (5) Laurus holds (i) warrants to purchase up to 1,380,000 shares of common stock that are exercisable within 60 days (subject to the following sentence) at exercise prices ranging from \$1.56 to \$2.29 per share, (ii) a \$4 million convertible term note that is convertible into 3,200,000 shares of common stock within 60 days (subject to the following sentence) at a conversion price of \$1.25 per share, and (iii) \$1 million minimum borrowing note that is convertible within 60 days (subject to the following sentence) into 763,359 shares of common stock at a conversion price of \$1.31 per share. These warrants are not exercisable, and these notes are not convertible, to the extent that (a) the number of shares of our common stock held by Laurus and (b) the number of shares of our common stock issuable upon exercise of the warrants and conversion of the notes would result in beneficial ownership by Laurus of more than 4.99% of our outstanding shares of common stock. Laurus may waive these provisions, or increase or decrease that percentage, with respect to the warrants and/or the notes on 90 days' prior notice to us, or without notice if we are in default under the notes. Laurus beneficially owns 1,001,727 shares of our common stock underlying warrants and the notes that are exercisable or convertible, as the case may be, within 60 days. Details of the transaction under which Laurus purchased our securities are provided under "Liquidity and Capital Resources."
- (6) Includes 369,331 shares of common stock and 553,997 shares of common stock

which may be acquired upon exercise of warrants.

33

PLAN OF DISTRIBUTION

We are registering the shares of common stock on behalf of the selling stockholders. As used in this prospectus, "selling stockholders" includes the pledges, donees, transferees or others who may later hold the selling stockholders' interests. We have agreed to pay the costs and fees of registering the shares, but the selling stockholders will pay any brokerage commissions, discounts or other expenses relating to the sale of the shares, including attorneys' fees.

The stockholders and any of their pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. The stockholders may use any one or more of the following methods when selling shares:

- o ordinary brokerage transactions and transactions in which the broker dealer solicits purchasers;
- o block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- o purchases by a broker-dealer as principal and resale by the broker dealer for its account;
- o an exchange distribution in accordance with the rules of the applicable exchange;
- o privately negotiated transactions;
- o settlement of short sales;
- o broker-dealers may agree with the stockholders to sell a specified number of such shares at a stipulated price per share;
- o a combination of any such methods of sale; and
- o any other method permitted pursuant to applicable law.

The stockholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus.

Broker-dealers engaged by the stockholders may arrange for other brokers dealers to participate in sales. Broker-dealers may receive commissions or discounts from the stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The stockholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

The stockholders may from time to time pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock from time to time under this

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act of 1933 amending the list of stockholders to include the pledgee, transferee or other successors in interest as stockholders under this prospectus.

34

The stockholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act.

The Company is required to pay all fees and expenses incident to the registration of the shares. The Company has agreed to indemnify the stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

35

DESCRIPTION OF SECURITIES

Our authorized capital stock consists of 31,000,000 shares, consisting of 30,000,000 shares of common stock, par value \$0.01 per share, and 1,000,000 shares of preferred stock, par value \$0.01 per share. Our board of directors may designate the rights and preferences of one or more series of preferred stock. Preferred stock could be used, under certain circumstances, as a way to discourage, delay or prevent a takeover of the Company. See "Anti-Takeover Provisions." As of December 31, 2004, we had 19,200,352 shares of common stock issued and outstanding and no shares of preferred stock outstanding.

Common Stock

Under our Certificate of Incorporation, shares of our common stock are identical in all respects, and each share entitles the holder to the same rights and privileges as are enjoyed by other holders and is subject to the same qualifications, limitations and restrictions as apply to other shares.

Holders of our common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders. Holders of our common stock do not have cumulative voting rights. Accordingly, subject to the voting rights of holders of any preferred stock that may be issued, holders of a plurality of our common stock present at a meeting at which a quorum is present are able to elect all of the directors eligible for election. The holders of a majority of the voting power of our issued and outstanding capital stock constitutes a quorum.

The holders of our common stock are entitled to dividends when and if declared by our board of directors from legally available funds. The holders of our common stock are also entitled to share pro rata in any distribution to stockholders upon the Company's liquidation or dissolution.

None of the shares of our common stock:

- o have preemptive rights;

- o are redeemable;
- o are subject to assessments or further calls;
- o have conversion rights; or
- o have sinking fund provisions.

Preferred Stock

Our Board of Directors may, without further action of our stockholders, issue up to 1,000,000 shares of preferred stock in one or more classes and one or more series and fix the number of shares constituting any such class or series. The Board of Directors may fix the rights and preferences of any such class or series, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption (including sinking fund provisions), maturity dates, redemption prices and liquidation preferences. The rights of the holders of common stock will be subject to, and may be adversely affected by, the rights of holders of any Preferred Stock that may be issued in the future. Issuance of Preferred Stock could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring, a majority of the outstanding voting stock of our company. There are currently no shares of Preferred Stock outstanding.

36

Anti-Takeover Provisions

Certain provisions, described below, of our Certificate of Incorporation and By-Laws, and Section 203 of the General Corporation Law of the State of Delaware (discussed below), could have the effect, either alone or in combination with each other, of delaying, deferring or preventing a change in control of our company.

Our By-Laws provide that special meetings of stockholders may be called only by the our Board of Directors, our Chairman of the Board, our President or the holders of at least 10% of the shares entitled to vote at such a meeting. Moreover, the business permitted to be conducted at any meeting of stockholders is limited to matters relating to the purpose or purposes stated in the notice of meeting and to matters brought before the meeting by the Board of Directors or the presiding officer of the meeting. Advance notice of stockholder nominations for directors and any other stockholder proposals to be brought before meetings of stockholders is required to be given in writing to our Secretary within the time periods and following the procedures set forth in our By-Laws.

Our Certificate of Incorporation includes a provision eliminating the liability of its directors to our company or to our stockholders for monetary damages for breaches of fiduciary duty by such directors, to the extent permitted by Delaware law. In addition, the Certificate of Incorporation contains provisions providing for the indemnification of our officers and directors to the maximum extent permitted by Delaware law from expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by such persons by reason of their being officers or directors. Our By-Laws provide that our directors may be removed, with or without cause, only with the vote of the holders of at least 66-2/3% of the shares of our capital stock issued and outstanding and entitled to vote at an election of directors, and provides that any director elected by a particular class or series of stock may be removed without cause only by vote of the holders of a majority of the

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

outstanding shares of such class or series. These provisions could have the effect of delaying a change in control of our company even if the holders of a majority (but less than 66-2/3%) of our voting securities desire such a change.

Our By-Laws require a vote of the holders of at least 66-2/3% of the shares our capital stock issued and outstanding and entitled to vote in order to alter, amend or repeal, or make any new By-Laws inconsistent with, Article I (governing certain rights of our stockholders, including the rights to call meetings of stockholders and to make stockholder proposals at meetings) and Article II (governing the activities of our directors, including the removal of members of the Board). These supermajority voting provisions for changes by stockholders affecting Articles I or II of the By-Laws do not affect the ability of our Board of Directors to amend either of these sections.

Section 203 of Delaware General Corporation Law

We are subject to Section 203 of the General Corporation Law of the State of Delaware ("Section 203"), which generally prohibits any Delaware corporation that has a class of securities listed on a national securities exchange or more than 2,000 stockholders of record from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person becomes an interested stockholder, unless either (i) the interested stockholder obtains the approval of the Board of Directors prior to becoming an interested stockholder, (ii) the interested stockholder owned 85% of the outstanding voting stock of the corporation (excluding shares held by certain affiliates of the corporation) at the time he became an interested stockholder or (iii) the business combination is approved by both the Board of Directors and the holders of two-thirds of the outstanding voting stock of the corporation (excluding shares held by the interested stockholder), voting at an annual or special meeting of the stockholders and not acting by written consent. An "interested stockholder" generally is a person who, together with affiliates and associates, owns (or at any time within the prior three years did own) 15% or more of the corporation's outstanding voting stock. A "business combination" includes mergers, consolidations, stock sales, asset sales and other transactions involving the corporation or any direct or indirect majority-owned subsidiary of the corporation that results in a financial benefit to the interested stockholder.

This need to acquire consent of our Board of Directors and/or stockholders for Section 203 purposes imposes a substantial burden on a potential acquiror and could therefore act as an anti-takeover device.

37

Transfer Agent

The transfer agent for our common stock is American Stock Transfer & Trust Company, located at 59 Maiden Lane, Plaza Level, New York, NY 10038. American Stock Transfer & Trust Company's telephone number is (800) 937-5449.

COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Our certificate of incorporation provides that we shall indemnify our directors and officers to the fullest extent permitted by Delaware law and that none of our directors will be personally liable to our company or our stockholders for monetary damages for breach of fiduciary duty as a director, except for liability:

- o for any breach of the director's duty of loyalty to our Company or

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

our stockholders;

- o for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of the law;
- o under section 174 of the Delaware General Corporation Law for the unlawful payment of dividends; or
- o for any transaction from which the director derives an improper personal benefit.

These provisions require us to indemnify our directors and officers unless restricted by Delaware law and eliminate our rights and those of our stockholders to recover monetary damages from a director for breach of his fiduciary duty of care as a director except in the situations described above. The limitations summarized above, however, do not affect our ability or that of our stockholders to seek non-monetary remedies, such as an injunction or rescission, against a director for breach of his fiduciary duty.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, we have been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

LEGAL MATTERS

The validity of the shares of common stock being offered hereby will be passed upon for us by Morse, Barnes-Brown & Pendleton, P.C., Waltham, Massachusetts.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. You may read and copy any reports, statements or other information we file at the SEC's public reference rooms in Washington D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our filings are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at <http://www.sec.gov>.

We have filed a registration statement on Form SB-2 under the Securities Act with the SEC covering the common stock to be offered by the selling stockholders. As permitted by the rules and regulations of the SEC, this document does not contain all information set forth in the registration statement and exhibits thereto, all of which are available for inspection as set forth above. For further information, please refer to the registration statement, including the exhibits thereto. Statements contained in this document relating to the contents of any contract or other document referred to herein are not necessarily complete, and reference is made to the copy of that contract or other document filed as an exhibit to the registration statement or other document, and each statement of this type is qualified in all respects by that reference.

No person is authorized to give any information or make any representation not contained in this document. You should not rely on any information provided

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

to you that is not contained in this document. This prospectus does not constitute an offer to sell or a solicitation of an offer to purchase the securities described herein in any jurisdiction in which, or to any person to whom, it is unlawful to make the offer or solicitation. Neither the delivery of this document nor any distribution of shares of common stock made hereunder shall, under any circumstances, create any implication that there has not been any change in our affairs as of any time subsequent to the date hereof.

39

INDEX TO FINANCIAL STATEMENTS

	Page

Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets as of September 30, 2004 and 2003	F-3
Consolidated Statements of Operations for the Years Ended September 30, 2004 and 2003	F-4
Consolidated Statements of Changes in Stockholders' Equity for the Years Ended September 30, 2004 and 2003	F-5
Consolidated Statements of Cash Flows for the Years Ended September 30, 2004 and 2003	F-6
Notes to Consolidated Financial Statements for the Years Ended September 30, 2004 and 2003	F-7

F-1

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated balance sheets of GreenMan Technologies, Inc. and subsidiaries as of September 30, 2004 and 2003 and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GreenMan Technologies, Inc. and subsidiaries as of September 30, 2004 and 2003 and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the Company has continued to incur substantial losses from operations and has a working capital deficiency of \$3,522,130 at September 30, 2004. This raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/S/ WOLF & COMPANY, P.C.

WOLF & COMPANY, P.C

Boston, Massachusetts
December 27, 2004

F-2

GreenMan Technologies, Inc.
Consolidated Balance Sheets

	September 30, 2004	Se
	-----	---
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 509,787	\$
Accounts receivable, trade, less allowance for doubtful accounts of \$187,559 and \$148,031 as of September 30, 2004 and September 30, 2003 ..	4,383,935	
Insurance claim receivable	--	
Note receivable officers	--	
Product inventory	667,839	
Other current assets	1,365,594	
	-----	---
Total current assets	6,927,155	
	-----	---
Property, plant and equipment, net	11,516,253	
	-----	---
Other assets:		
Deferred loan costs	626,233	
Goodwill, net	3,533,894	
Customer relationship intangibles, net	253,725	
Deferred tax asset	270,000	
Other	494,496	
	-----	---
Total other assets	5,178,348	

	-----	-----
	\$ 23,621,756	\$
	=====	==
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable, current	\$ 1,177,390	\$
Notes payable, line of credit	500,000	
Convertible notes payable, current	1,270,929	
Convertible notes payable, line of credit	1,814,042	
Accounts payable	4,158,492	
Accrued expenses, other	1,225,455	
Notes payable related parties, current	--	
Obligations under capital leases, current	302,977	
	-----	-----
Total current liabilities	10,449,285	
Notes payable, related parties, non-current portion	699,320	
Notes payable, non-current portion	3,358,147	
Convertible notes payable, non-current portion	2,434,205	
Obligations under capital leases, non-current portion	2,874,885	
Deferred gain on sale leaseback transaction	419,115	
	-----	-----
Total liabilities	20,234,957	
	-----	-----
Stockholders' equity:		
Preferred stock, \$1.00 par value, 1,000,000 shares authorized, none outstanding	--	--
Common stock, \$.01 par value, 30,000,000 shares authorized, 19,072,963 shares and 16,061,939 shares issued and outstanding at September 30, 2004 and 2003	190,729	
Additional paid-in capital	31,755,384	
Accumulated deficit	(28,559,314)	(
Notes receivable, common stock	--)
	-----	-----
Total stockholders' equity	3,386,799	
	-----	-----
	\$ 23,621,756	\$
	=====	==

See accompanying notes to consolidated financial statements.

F-3

GreenMan Technologies, Inc.
Consolidated Statements of Operations

	Years Ended September 30,	September 30,
	2004	2003
	-----	-----
Net sales	\$ 30,777,182	\$ 29,679,992
Cost of sales	27,060,646	25,702,011
	-----	-----
Gross profit	3,716,536	3,977,981
Operating expenses:		
Selling, general and administrative	4,679,263	5,434,270

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

Impairment loss	---	261,278
	-----	-----
	4,679,263	5,695,548
	-----	-----
Operating loss	(962,727)	(1,717,567)
	-----	-----
Other income (expense):		
Interest and financing costs, net	(1,859,416)	(1,386,084)
Casualty income, net	202,813	431,594
Other, net	(20,027)	(130,456)
Loss on disposal of assets, net	(5,284)	(89,480)
	-----	-----
Other (expense), net	(1,681,914)	(1,174,426)
	-----	-----
Net loss before income taxes	(2,644,641)	(2,891,993)
Benefit (provision) for income taxes	--	(550)
	-----	-----
Net loss	\$ (2,644,641)	\$ (2,892,543)
	=====	=====
Net loss per share - basic and diluted	\$ (0.15)	\$ (0.18)
	=====	=====
Weighted average shares outstanding - basic and diluted ...	17,173,421	15,794,634
	=====	=====
Weighted average shares outstanding - diluted	17,173,421	15,794,634
	=====	=====

See accompanying notes to consolidated financial statements.

F-4

GreenMan Technologies, Inc.
Consolidated Statements of Changes in Stockholders' Equity
Years Ended September 30, 2004 and 2003

	Common Stock Shares	Amount	Additional Paid In Capital	Accumulate Deficit
	-----	-----	-----	-----
Balance, September 30, 2002	15,654,665	\$ 156,547	\$ 28,473,710	\$(23,022,13)
Common stock issued upon exercise of options and warrants	279,106	2,791	125,573	--
Sale of common stock	128,168	1,281	178,719	--
Net loss for the year ended September 30, 2003	--	--	--	(2,892,54)
	-----	-----	-----	-----
Balance, September 30, 2003	16,061,939	\$ 160,619	\$ 28,778,002	\$(25,914,67)
Beneficial conversion discount on convertible notes payable	--	--	218,226	--
Common stock issued upon exercise of options and warrants	252,666	2,526	147,909	--
Common stock issued upon conversion of notes payable and accrued interest ...	1,093,612	10,936	926,128	--
Repayment of notes receivable, common stock and accrued interest	(36,717)	(367)	(43,881)	--

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

Common stock issued in connection with lease buyout	50,000	500	43,500	-
Common stock issued in connection with private placement	1,594,211	15,942	1,482,166	-
Common stock and warrants issued for investment banking services rendered	57,252	573	103,267	-
Warrants issued with convertible debt	--	--	100,067	-
Net loss for the year ended September 30, 2004	--	--	--	(2,644,64
	-----	-----	-----	-----
Balance, September 30, 2004	19,072,963	\$ 190,729	\$ 31,755,384	\$ (28,559,31
	=====	=====	=====	=====

See accompanying notes to consolidated financial statements.

F-5

GreenMan Technologies, Inc.
Consolidated Statements of Cash Flows

	Years End 2004

Cash flows from operating activities:	
Net loss	\$(2,644,64
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	2,210,29
Loss on disposal of property, plant and equipment	5,28
Casualty loss	-
Amortization	469,82
Impairment loss	-
Decrease (increase) in assets:	
Accounts receivable	(1,015,50
Insurance receivable	634,17
Product inventory	(555,42
Other current assets	(245,72
Increase (decrease) in liabilities:	
Accounts payable	(192,15
Accrued expenses	(159,19

Net cash (used for) provided by operating activities	(1,493,06

Cash flows from investing activities:	
Purchase of property and equipment	(1,649,26
Increase to construction work in progress	-
Increase in notes receivable, officer	(7,84
Proceeds on sale of property and equipment	1,444,58
Repayment of note receivable	-
Increase in other assets	(201,58

Net cash used for investing activities	(414,11

Cash flows from financing activities:	
(Increase) in deferred financing costs	(624,91
Net advances (repayments) under line of credit	1,469,97
Proceeds from notes payable	507,13

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

Proceeds from notes payable, related parties	575,00
Repayment of notes payable	(4,726,89
Proceeds from convertible notes payable	4,060,00
Principal payments on obligations under capital leases	(632,19
Cash received upon exercise of stock options and warrants	7,80
Net proceeds on the sale of common stock	790,30

Net cash provided by financing activities	1,426,21

Net (decrease) increase in cash and cash equivalents	(480,95
Cash and cash equivalents at beginning of year	990,74

Cash and cash equivalents at end of year	\$ 509,78
	=====
Supplemental cash flow information:	
Machinery and equipment acquired under capital leases	\$ 1,400,00
Common stock issued upon conversion of convertible notes payable and accrued interest	937,06
Common stock issued upon conversion of notes payable and accrued interest in connection with private placement	707,80
Common stock issued upon exercise of stock options applied to notes payable	142,63
Common stock issued in connection with lease buyout	44,00
Notes receivable, officer applied against notes payable, related party and accrued interest	163,00
Common stock received in payoff of subscription notes receivable, officer	44,24
Common stock issued for investment banking services	75,00
Interest paid	1,509,44
Taxes paid	-

See accompanying notes to consolidated financial statements.

F-6

GreenMan Technologies, Inc. Notes To Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Basis of Presentation

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

Nature of Operations, Risks, and Uncertainties

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 six operating locations that collect, process and market scrap tires in whole, shredded or granular form. We are headquartered in Lynnfield, Massachusetts and currently operate tire processing operations in California, Georgia, Iowa, Minnesota, Tennessee and Wisconsin and operate under exclusive agreements to supply whole tires used as alternative fuel to cement kilns located in Alabama, Florida, Georgia, Illinois, Missouri, Tennessee and Texas.

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

The financial statements have been prepared assuming we will continue as a going concern. We have incurred substantial losses from operations, and have a working capital deficiency of \$3,522,130 at September 30, 2004. These factors raise substantial doubt about our ability to continue as a going concern. Our liquidity had been significantly and adversely affected since our primary source of working capital financing and long term debt, Southern Pacific Bank and its wholly owned subsidiary Coast Business Credit, were closed by the Commissioner of Financial Institutions of the State of California in February 2003. In particular, we have had to significantly slow down or delay the implementation of several growth initiatives, including establishing a new high volume tire processing facility in Tennessee, shredding and screening upgrades in Georgia and Minnesota, and the installation of our waste wire processing equipment in Minnesota. These conditions have caused us to incur both significant expenses in the short-term and have limitations on our ability to grow in the longer-term.

Despite these challenges during the past fifteen months, we invested over \$3 million in new equipment to increase processing capacity at our Iowa, Minnesota, Georgia and Tennessee locations which will allow us to increase our overall revenue with no further capital investment. We have identified, and are currently selling product into several new, higher-value markets as evidenced by a 13% increase in end product revenue during the current year despite the fact our Georgia waste wire processing equipment has been inoperable since April 2003. We estimate that during the year ended September 30, 2004, reduced end product revenue and excess waste disposal costs of over \$1 million were associated with the impact of a March 31, 2003 fire. In November 2004, all previously damaged equipment was re-installed and became operational. We continue to experience strong demand for our end products and remain confident in our ability to continue to grow our revenue base. In addition, we have reconfigured our Wisconsin location to substantially reduce operating costs and maximize our return on assets and as of September 30, 2004 our efforts have resulted in a \$385,000 reduction in that facility's year-to-date expenses compared to the same period last year. The reconfiguration was completed during the first quarter of fiscal 2004. Additionally, management continues to negotiate more favorable tipping fees with kiln relationships in several markets with the ultimate goal of substantially reducing these fees from current levels.

We understand that our continued existence is dependent on our ability to achieve profitable status on a sustainable basis. and have implemented and/or are in the process of implementing the following actions:

A. Refinancing of Our Credit Facility

On June 30, 2004, we entered into a three-year, \$9 million credit facility with Laurus Master Fund, Ltd., consisting of a \$5 million convertible, revolving working capital line of credit and a \$4 million convertible term loan. (See Note 8).

B. Private Placement of Investment Units

On April 9, 2004, we commenced a private offering of investment units. Each unit consists 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 was 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 \$1,547,000. (See Note 12).

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

Notes To Consolidated Financial Statements

1. Summary of Significant Accounting Policies - (Continued)

C. Related Party Notes Payable

See the discussion of certain notes payable to related parties at Note 9 "Notes Payable - Related Parties".

D. Convertible Note Payable

In December 2003, we entered into a note purchase agreement with an accredited investor and, pursuant thereto, we issued a convertible note payable (the "Note") in the aggregate principal amount of \$375,000 and bearing interest at 10%, due December 22, 2004. The note and accrued interest of \$11,854 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. (See Note 8).

E. Sale and Leaseback of Real Estate

During March 2004, our Minnesota subsidiary sold all of its land and buildings to an entity co-owned by an employee for \$1,400,000, realizing a gain of \$437,337 which has been recorded as unearned income and will be recognized as income ratably over the term of the lease. Simultaneous with the sale, we entered into an agreement to lease property back. We used \$875,000 of the proceeds to repay an existing obligation to Bremer Business Finance. (See Note 6).

F. Tennessee Facility

We initially earmarked approximately \$1 million of proceeds from the Laurus credit facility to purchase necessary shredding equipment for our Tennessee facility. In August 2004, we used \$350,000 of the proceeds as a "good faith" deposit with a third party towards the acquisition of certain processing equipment that would be required in Tennessee. In December 2004, we executed a Letter of Intent with the same third party to lease certain pieces of tire processing equipment which will be utilized in Tennessee and agreed to apply the \$350,000 to preparation and moving of the equipment to be leased. Due to delays in identifying the appropriate remaining equipment for Tennessee, we reallocated approximately \$650,000 of the proceeds to be used to re-establish our Georgia waste wire processing equipment line in November 2004 as well as support the limited Tennessee operation during this period. We are currently evaluating several alternatives which will allow us to commence operations in Tennessee during the second quarter of fiscal 2005. When the Tennessee facility is fully operational, we estimate the cost savings realized by processing Tennessee-sourced tires locally instead of transporting them to Georgia should exceed \$80,000 per month. No assurance can be given, however, that we will be able to open this facility on a fully operational basis in a timely manner.

The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recorded during the reporting period. Actual results could differ from those estimates. Such estimates relate primarily to the estimated lives of property and equipment, the value of goodwill and other intangible assets, the valuation reserve on deferred

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

taxes and the value of equity instruments issued. The amount that may be ultimately realized from assets and liabilities could differ materially from the values recorded in the accompanying financial statements as of September 30, 2004.

Cash Equivalents

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

Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts. Management determines the allowance for doubtful accounts by regularly evaluating past due individual customer receivables and considering a customer's financial condition, credit history, and the current economic conditions. Individual accounts receivable are written off when deemed uncollectible, with any future recoveries recorded as income when received.

Product Inventory

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

F-8

GreenMan Technologies, Inc. Notes To Consolidated Financial Statements

1. Summary of Significant Accounting Policies - (Continued)

Property, Plant and Equipment

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

Deferred Loan Costs

Deferred loan costs are amortized into interest expense over the life of the related financing arrangement and represent costs incurred in connection with financing at the corporate level and our wholly-owned subsidiary in Iowa.

Revenue Recognition

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

Income Taxes

Deferred tax assets and liabilities are recorded for temporary differences between the financial statement and tax bases of assets and liabilities using

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

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

Stock-Based Compensation

Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation", encourages all entities to adopt a fair value based method of accounting for employee stock compensation plans, whereby compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. However, it also allows an entity to continue to measure compensation cost of those plans using the intrinsic value based method of accounting prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", whereby compensation cost is the excess, if any, of the quoted market price of the stock at the grant date (or other measurement date) over the amount an employee must pay to acquire the stock. Stock options issued under our stock option plans generally have no intrinsic value at the grant date, and under Accounting Principles Board Opinion No. 25 no compensation cost is recognized for them. We apply Accounting Principles Board Opinion No. 25 and related interpretations in accounting for stock options issued to our employees and directors. Had the compensation cost for the stock options issued to our employees and directors been determined based on the fair value at the grant dates consistent with Statement of Financial Accounting Standards No. 123, the net loss and net loss per share would have been adjusted to the pro forma amounts indicated below:

	Year Ended September 30, 2004	Year Ended September 30, 2003
Net loss as reported	\$(2,644,641)	\$(2,892,543)
Add: Compensation recognized under APB No.25	--	--
Less: Compensation recognized under FAS 123	(81,306)	(148,769)
	-----	-----
Pro forma net loss	\$(2,725,947)	\$(3,041,312)
	=====	=====
Net loss per share:		
Basic and diluted - as reported	\$ (0.15)	\$ (0.18)
	=====	=====
Basic and diluted - pro forma	\$ (0.16)	\$ (0.19)
	=====	=====

F-9

GreenMan Technologies, Inc.
Notes To Consolidated Financial Statements

1. Summary of Significant Accounting Policies - (Continued)

The fair value of each option grant during the year ended September 30, 2004 under the 2004 Stock Option Plan and the 1996 Non-Employee Director Stock

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

Option Plan is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions; dividend yields of 0%; risk-free interest rates of 4.5%; expected volatility ranging from 44% to 61% and expected lives of 5 years.

The fair value of each option grant during the year ended September 30, 2003 under the 1993 Stock Option Plan and the 1996 Non-Employee Director Stock Option Plan is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions; dividend yields of 0%; risk-free interest rates of 3.0%; expected volatility of 32% and expected lives of 5 years.

Intangible Assets

In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets", we review intangibles for impairment annually, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of our business enterprise below its carrying value. The impairment test for goodwill requires us to estimate the fair value of our overall business enterprise down to the reporting unit level. In addition to goodwill, intangible assets include customer relationships acquired in current or past business acquisitions and are being amortized on a straight-line basis over a period of ten to twenty years, commencing on the date of the acquisition. The impairment test for customer relationships requires us to review original relations for continued retention. Amortization expense associated with customer relationships amounted to \$13,150 and \$12,600. Accumulated amortization was \$30,275 at September 30, 2004.

We have elected to perform the required annual impairment test of our goodwill on the last day of our fiscal third quarter. As of June 30, 2004, we have concluded that goodwill is not impaired.

Long-Lived Assets

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, long-lived assets to be held and used are analyzed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. SFAS No. 144 relates to assets that can be amortized and the life can be determinable. We evaluate at each balance sheet date whether events and circumstances have occurred that indicate possible impairment. If there are indications of impairment, we use future undiscounted cash flows of the related asset or asset grouping over the remaining life in measuring whether the assets are fully recoverable. In the event such cash flows are not expected to be sufficient to recover the recorded asset values, the assets are written down to their estimated fair value. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value of asset less the cost to sell.

Net Income Loss Per Share

Basic earnings per share represents income available to common stockholders divided by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects additional common shares that would have been outstanding if 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 years ended September 30, 2004 and 2003, since the effect of the inclusion of all outstanding options, warrants and convertible debt would be anti-dilutive.

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

New Accounting Pronouncements

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. This Statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003, except for mandatorily redeemable financial instruments of nonpublic entities. The adoption of this statement did not have any impact on our financial position or results of operations.

F-10

GreenMan Technologies, Inc. Notes To Consolidated Financial Statements

1. Summary of Significant Accounting Policies - (Continued)

In December 2003, the Securities and Exchange Commission, ("SEC") issued Staff Accounting Bulletin ("SAB") No. 104, "Revenue Recognition". SAB No. 104 supersedes SAB No. 101, "Revenue Recognition in Financial Statements." SAB No. 104's primary purpose is to rescind accounting guidance contained in SAB No. 101 related to multiple element revenue arrangements, superseded as a result of the issuance of Emerging Issues Task Force ("EITF") No. 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables". Additionally, SAB No. 104 rescinds the SEC's Revenue Recognition in Financial Statements Frequently Asked Questions and Answers ("FAQ") issued with SAB No. 101 that had been codified in SEC Topic No. 13, "Revenue Recognition". Selected portions of the FAQ have been incorporated into SAB No. 104. While the wording of SAB No. 104 has changed to reflect the issuance of EITF No. 00-21, the revenue recognition principles of SAB No. 101 remain largely unchanged by the issuance of SAB No. 104, which was effective upon issuance. The adoption of SAB No. 104 did not impact our consolidated financial statements.

In December 2003, the FASB issued FASB interpretation No. 46R ("FIN 46R"), "Consolidation of Variable Interest Entities". FIN46R expands upon existing accounting guidance that addresses when a company should include in its financial statements the assets, liabilities and activities of another entity. A variable interest entity is a corporation, partnership, trust or any other legal structure used for business purposes that either (a) does not have equity in investments with voting rights or (b) has equity investors that do not provide sufficient financial resources for the entity to support its activities. FIN 46R requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's or is entitled to receive a majority of the entity's residual returns or both. The adoption of this interpretation did not have any impact on our financial position or results of operations.

SFAS No. 151, Inventory Costs -- An Amendment of ARB No. 43, Chapter 4 - This Statement amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing", to clarify the accounting for "abnormal amounts" of idle facility expense, freight, handling costs, and wasted material or spoilage. Before revision by SFAS No. 151, the guidance that existed in ARB No. 43 stipulated that these type items may be "so abnormal" that the appropriate accounting treatment would be to expense these costs as incurred. SFAS No. 151 requires that these costs be recognized as current-period charges without regard to

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

whether the "so abnormal" criterion has been met. Additionally, SFAS No. 151 requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The adoption of this statement did not have any impact on our financial position or results of operations.

SFAS No. 123R, Share Based Payment - An Amendment to SFAS Nos. 123 and 95 - This standard includes the following changes to current accounting for share based payments:

- o All companies would be required to recognize compensation expense for share-based payment arrangements including stock options.
- o All companies must recognize the expense in operations and cannot bury the effects in the financial statement footnotes as currently allowed. The cost would be recognized over the requisite service period (generally the vesting period).
- o All companies would be required to estimate how many options will actually vest. The ability under the current rules to assume 100% vesting and record forfeitures as they occur will not be permitted.
- o The ED still requires public companies (including Small Business filers) to value employee stock awards at fair value on the date of grant. However, the ED prefers a "lattice model" in lieu of what most companies use today, the Black-Scholes model, a "closed-form model."
- o Private companies would be required to follow either (a) the fair value method at grant date consistent with public company accounting, or (b) the intrinsic value method (the excess, if any, of the fair value of the stock over the exercise price) at each reporting date until the option is settled or exercised. The so-called "minimum value" method (essentially a simplified version of the Black-Scholes model) currently permitted would no longer be an acceptable valuation model.
- o Stock option awards with graded vesting would be treated as separate awards for each vesting date. The ability to treat such awards as a single award, as currently permitted, would longer be allowed. This would lead to more expense up-front and less in later years.

This standard is effective for small business issuers for the first interim or annual reporting period that begins after December 15, 2005.

F-11

GreenMan Technologies, Inc. Notes To Consolidated Financial Statements

1. Summary of Significant Accounting Policies - (Continued)

EITF Issue 04-1, Accounting for Preexisting Relationships between the Parties to a Business Combination - When two parties that have a pre-existing contractual relationship enter into a business combination, questions arise related to the accounting for this contractual relationship upon consummation of the business combination. The issues are: (1) whether a consummated business combination should be evaluated to determine if a pre-existing contractual relationship between the two parties involved in the business combination has been settled as a result of that business combination, thereby requiring that

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

pre-existing contractual relationship to be accounted for separate from the business combination, (2) if the pre-existing contractual relationship is determined to be settled and is accounted for separately, how should the settlement amount be recognized and measured, and (3) how an acquired entity's intangible asset that arose prior to the business combination in connection with its contractual right to use the acquirer's existing intangible assets (recognized or unrecognized) should be treated for accounting purposes by the acquirer. Consensus was reached at the September 29-30, 2004 meeting and was ratified by the FASB at the October 13, 2004 meeting.

Comprehensive Income

SFAS No. 130, "Reporting Comprehensive Income", establishes standards for the reporting and display of comprehensive income and its components in the financial statements. As of September 30, 2004 and 2003, we had no items that represented other comprehensive income and, therefore, have not included a schedule of comprehensive income in the consolidated financial statements.

2. Acquisition of Businesses

On July 1, 2004, we acquired certain assets of American Tire Disposal, Inc. ("ATD") a southern California based company in the business of collecting and marketing scrap tires for approximately \$172,000 in assumed liabilities, forgiveness of trade payables due to us and cash. We have consolidated ATD's business into our existing California operations. The acquisition was accounted for as a purchase in accordance with SFAS No. 141 "Business Combinations" and accordingly the results of their operations since the date of acquisition are included in the consolidated financial statements. The total consideration paid exceeded the fair value of the net assets acquired by \$152,000 resulting in the recognition of \$120,000 of goodwill and \$32,000 assigned to customer relationships. Customer relationships are being amortized over an estimated useful life of 10 years on a straight-line basis and will be evaluated annually.

3. Formation of Joint Venture

During January 2002 GreenMan Technologies of Oklahoma, Inc., our newly formed wholly-owned subsidiary and Able Tire Company, LLC, a Burleson, Texas tire processor and collector, formed a joint venture known as Able Tire of Oklahoma, LLC ("Able Tire of Oklahoma"). Able Tire of Oklahoma collects, shreds and markets whole tires to the cement industry. GreenMan Technologies of Oklahoma was the majority owner and had responsibility for finance and administration while Able Tire Company was responsible for all marketing efforts and operational management. The results of operations of Able Tire of Oklahoma are included in the consolidated financial statements since January 2002 until April 1, 2003.

On April 1, 2003 we sold our majority interest in Able Tire of Oklahoma to the minority member for \$50,000 and recognized a \$71,000 loss on the transaction, which is included in loss on disposal of assets, net in the accompanying financial statements.

F-12

GreenMan Technologies, Inc.
Notes To Consolidated Financial Statements

4. Insurance Claim Receivable

On March 31, 2003, a portion of our Georgia facility and several pieces of waste wire processing equipment were damaged by a fire. In December 2003, we

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

reached a settlement agreement with our insurance carrier amounting to \$1,029,885 of which \$821,172 was applicable to losses incurred during fiscal 2003. The settlement amount, net of direct costs incurred, resulted in net casualty income of \$112,082 and \$431,594 during the fiscal years ended September 30, 2004 and 2003, respectively and is classified as other income in the accompanying statement of operations. In December 2003 all remaining amounts associated with this settlement were received. In fiscal 2004, we also received an unrelated insurance settlement for damaged product of approximately \$90,000 which is also included in other income.

5. Notes Receivable, Officers

In January 1998 we advanced \$104,000 to an officer under an 8.5% secured promissory note with both principal and interest due January 2001. This note was amended on September 30, 2000 to extend the maturity until April 15, 2002 (subsequently extended to April 15, 2004) and increase the interest rate to 9.5%. On April 30, 2004 the balance of \$163,000, including interest, was applied to offset obligations under our \$400,000 September 30, 2003 note payable due to the officer. (See Note 9).

In January 1999, we advanced two officers \$55,000, in aggregate, under 8.5% secured promissory notes with both principal and interest due January 2002 (subsequently extended to January 2004). The proceeds were used to participate in a private placement of our common stock and the loans are secured by 191,637 shares of common stock owned by the two officers. In June 2002, the two officers repaid \$5,000 each toward their respective then outstanding balances. On March 31, 2004, one officer agreed to apply his then outstanding balance of \$24,000 including interest against obligations under our \$400,000 September 30, 2003 note payable due to the officer. (See Note 9). On May 11, 2004 the other officer sold 36,717 shares of common stock valued at \$44,248 back to us in full settlement of all amounts due under his note including interest. We subsequently cancelled these shares, which reduced our total shares issued and outstanding.

6. Property, Plant and Equipment

Property, plant and equipment consists of the following:

	September 30, 2004	September 30, 2003	Estim Useful
	-----	-----	-----
Land	\$ 167,981	\$ 504,346	
Buildings and improvements	3,595,104	2,704,693	10 - 2
Machinery and equipment	9,716,896	9,526,045	5 - 1
Furniture and fixtures	277,146	284,484	3 - 5
Motor vehicles	6,087,959	5,904,050	3 - 1
Construction in process	891,267	--	
	-----	-----	
	20,736,353	18,923,618	
Less accumulated deprecation and amortization ..	(9,220,100)	(7,673,912)	
	-----	-----	
Property, plant and equipment, net	\$ 11,516,253	\$ 11,249,706	
	=====	=====	

On April 1, 2003, our Wisconsin subsidiary acquired the land and buildings in which it operates for \$362,900 under a sixty-seven month promissory note with aggregate payments of \$76,500 over the first eight months. Thereafter, commencing December 1, 2003, the note requires monthly payments of \$2,886, including interest at 8% per annum with the remaining principal balance due on

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

November 1, 2008.

As a result of new equipment installations at our Georgia facility and the reconfiguration of our Wisconsin facility, management determined that the carrying value of the idled equipment exceeded its estimated fair value based on replacement cost of similar equipment. Accordingly, we recorded an impairment loss amounting to \$261,278 during the fiscal year ended September 30, 2003. During fiscal 2004, we installed and utilized some of this equipment at other GreenMan locations and sold off the excess equipment.

F-13

GreenMan Technologies, Inc. Notes To Consolidated Financial Statements

6. Property, Plant and Equipment - (Continued)

During March 2004, our Minnesota subsidiary sold all of its land and buildings to an entity co-owned by an officer for \$1,400,000, realizing a gain of \$437,337 which has been recorded as unearned income and classified as a non current liability in the accompanying financial statements. Simultaneous with the sale, we entered into an agreement to lease property back for a term of 12 years at an annual rent of \$195,000, increasing to \$227,460 over the term of the lease. The gain will be recognized as income ratably over the term of the lease. The lease has been classified as a capital lease, and provides for two additional 4-year extensions. We used \$875,000 of the proceeds to repay an existing obligation to Bremer Business Finance.

In April 2004, our Wisconsin subsidiary reached an agreement with the lessor of certain processing equipment to buy-out the remaining term of the lease. The lessor agreed to accept several pieces of idle equipment, 50,000 unregistered shares of our common stock (valued at \$44,000), and cash, valued in the aggregate at approximately \$180,000, in full settlement of our capital lease obligation with a carrying value of approximately \$192,000 at March 31, 2004. We recognized a gain of approximately \$12,000 in connection with this transaction during the quarter ended June 30, 2004.

Depreciation and amortization expense for the fiscal years ended September 30, 2004 and 2003 was \$2,210,293 and \$2,177,673 respectively.

7. Acquisition Deposit

In August 2004, we executed a non-binding letter of intent and escrow agreement in connection with a potential business acquisition. Pursuant to the escrow agreement, we have 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 superceded the August letter of intent in which we will lease, with an option to buy, certain pieces of tire processing equipment owned by the third party. The leases were executed in January 2005 and provide for aggregate monthly payments of \$25,300 per month over terms ranging from 48 to 60 months. In addition, we were granted an exclusive purchase option to acquire additional operating assets of the third party if predetermined financial performance criteria are met by the third party during the subsequent fifteen to twenty four month period after December 8, 2004. The ultimate purchase price cannot be determined at this time. In return for the exclusive purchase option, we issued 127,389 shares of our common stock (valued at \$200,000) to the third party. If we exercise our exclusive purchase option and close a transaction, the value of the shares will be applied against the purchase price of the assets. If the exclusive purchase option expires or we decide not to exercise the option, the third party shall

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

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 expires, the value of the shares is less than \$200,000, we will issue a sufficient number of additional shares to equal \$200,000. We have also agreed to use the \$350,000 held in escrow to prepare and move the leased equipment for our use. The \$350,000 escrow deposit is included in other long term assets.

8. Credit Facility/Notes Payable

On May 14, 1999, we issued a \$1,100,000 sixty-month note payable to Cryopolymers Leasing, Inc., bearing interest at 7.75% with monthly payments of \$7,553 and a balloon payment due June 2004. The note was personally guaranteed by three of our officers and was paid in full on June 30, 2004 with proceeds from the Laurus Credit Facility.

On May 6, 2002, Republic Services converted \$750,000 of the principal amount of the February 14, 2002 promissory note into 300,000 unregistered shares of our common stock valued at \$750,000. We issued Republic Services a promissory note for the remaining balance on the February 14, 2002 promissory note in the principal amount of \$743,750 bearing interest at 10% and due in March 2007. As of June 30, 2004, 13 payments totaling \$114,818 were past due in connection with this note. We received a waiver of default from Republic Services through June 30, 2004 at which time the outstanding principal amounted to \$703,125 and as of September 30, 2004, all past due payments have been made and the promissory note is current.

First American Credit Facility

On April 4, 2002, our Iowa subsidiary executed a five-year, \$1,185,000 secured term note and a one year \$300,000 working capital line of credit (secured with all Iowa assets) with First American Bank ("First American"). The proceeds of this term note were used in connection with the acquisition of UT Tire Recyclers, Inc in April 2002.

F-14

GreenMan Technologies, Inc. Notes To Consolidated Financial Statements

8. Credit Facility/Notes Payable - (Continued)

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. They also renewed their working capital line of credit which was increased to \$500,000. The line of credit has been subsequently extended to January 20, 2005 and First American temporarily increased the maximum availability under the line of credit to \$650,000 through September 30, 2004. The term note bears interest at 7.5% and the line of credit bears interest at the prime rate plus 1%.

Coast Business Credit/WAMCO Credit Facility

On January 31, 2001 our Minnesota and Georgia subsidiaries, collectively secured a \$7 million five-year, asset-based credit facility (the "Credit Facility") from Coast Business Credit ("Coast"), the proceeds of which were used principally for the purpose of refinancing their existing credit facility.

On February 7, 2003, Southern Pacific Bank ("SPB") and its wholly owned

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

subsidiary Coast were closed by the Commissioner of Financial Institutions of the State of California. The Federal Deposit Insurance Company ("FDIC") was appointed receiver of SPB and its subsidiaries.

On May 16, 2003, we were notified by the FDIC that Waco Asset Management Co.31, Ltd., ("WAMCO"), an affiliate of First City Financial Company, had purchased a pool of loans from the FDIC that included our Credit Facility. We were notified that WAMCO would continue to honor the original terms of the Credit Facility. On June 30, 2004, all amounts due WAMCO were paid in full with proceeds from the Laurus Credit Facility and the unamortized deferred financing charges of \$122,927 were charged to interest expense.

Convertible Notes Payable

In December 2003, we entered into a note purchase agreement (the "Note Agreement") with an accredited investor (the "Holder") and, pursuant thereto, we issued a convertible note payable (the "Note") in the aggregate principal amount of \$375,000 and bearing interest at 10%, due December 22, 2004. 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 unregistered common stock and a warrant to purchase 1.5 shares of common stock at an exercise price of \$1.07 per share, exercisable six months after issuance for a period of five years from date of issuance.

The terms of the Note Agreement reflected a beneficial conversion feature amounting to \$154,226 calculated at the date of issue of the Note as the difference between the fair value of the common stock to be received upon conversion and the proceeds of the Note to be allocated to the common stock conversion option. The beneficial conversion feature was recorded as a debt issuance discount and a corresponding credit to paid-in capital, and was being amortized to interest expense over the term of the Note, or upon conversion. The note and accrued interest of \$18,854 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 and the remaining unamortized beneficial conversion discount of approximately \$77,000 was charged to interest expense.

Amortization expense for the year ended September 30, 2004 was \$154,226.

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 (the "Line of Credit") and a \$4 million convertible term note (the "Note"). 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 existing credit facility with WAMCO 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.

The Line of Credit has a three-year term. Borrowings bear interest at the prime rate published in The Wall Street Journal from time to time plus 1.0% (5.75% at September 30, 2004), 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%. Subject to certain limitations, Laurus will have the right, but not the obligation, to convert the first \$1 million of borrowings under the line of credit into our common stock at a price of \$1.31 (a 10% premium over the 22-day

GreenMan Technologies, Inc.
Notes To Consolidated Financial Statements

8. Credit Facility/Notes Payable - (Continued)

trailing average closing price of our common stock on the American Stock Exchange on June 30, 2004). The conversion price for each subsequent \$1 million of borrowings will be adjusted upward so that the conversion price will always reflect a 10% premium over the 22-day trailing average closing price computed on each \$1 million increment. The amount we may borrow at any time under the line of credit is limited to 90% of eligible accounts receivable (90 days or less) and 50% of eligible finished goods inventory, subject to certain limitations. The Line of Credit requires us to maintain a minimum borrowing of \$1,000,000.

In connection with the Line of Credit, we issued Laurus a warrant to purchase up to 990,000 shares of our common stock at prices ranging from \$1.63 to \$2.29. The warrant, valued at \$82,731, is immediately exercisable, has a term of ten years and allows for cashless exercise at the option of Laurus, and does not contain any "put" provisions. Net proceeds received from advances made under the line at closing were allocated to the Line of Credit and the warrant based on their relative fair values resulting in a discount on the Line of Credit amounting to \$186,700 which will be amortized to interest expense over the three-year term of the borrowing or immediately upon conversion.

The Term Note also has a three-year term and bears interest at the prime rate published in The Wall Street Journal from time to time plus 1.0% (5.0% at June 30, 2004), with interest payable monthly. Except for downward adjustments provided in the credit facility terms described below, the interest rate shall not be below 5%. Principal will be amortized over the term of the loan, commencing on November 1, 2004, with minimum monthly principal payments of \$125,000. Laurus has the option to convert some or all of the principal and interest payments into common stock at a fixed conversion price of \$1.25 reflecting a 5% premium over the 22-day trailing average closing price of our common stock on the American Stock Exchange on June 30, 2004. ("Fixed Conversion Price"). 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 the Fixed Conversion Price.

In connection with the Term Note, we issued Laurus a warrant to purchase up to 390,000 shares of our common stock at prices ranging from \$1.56 to \$2.18. The warrant, valued at \$37,161, is immediately exercisable, has a term of ten years and 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 \$3,788,950 and were allocated to the Term Note and the warrant based on their relative fair values. The note contained a beneficial conversion feature of \$64,000 at issuance based on the intrinsic value of the shares into which the note is convertible, and a debt issue discount amounting to \$248,200. The beneficial conversion discount was recorded as paid-in-capital and will be amortized to interest expense along with the debt discount over the three-year term of the note or ratably upon any partial conversion.

We will be required to pay a premium of 2% of the amount of each principal payment made in cash under the line of credit and/or the term note. In addition, we will be required to pay a penalty of 20% of the then-outstanding balance of the term note if we prepay that note.

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

The interest rate under each of the notes is subject to downward adjustment on a monthly basis (but not to less than 0%). The downward adjustment will be in the amount of 200 basis points (2.0%) for each incremental 25% increase in the average closing price of our common stock over the then applicable conversion price of the note for the five-day period preceding such monthly determination date if we have at that time registered for resale all of the shares of our common stock underlying the notes and warrants we are issuing to Laurus in this transaction, or 100 basis points (1.0%) for each incremental 25% increase in the average closing price of our common stock over the then applicable conversion price of the note for the five-day period preceding such monthly determination date if we have not at that time registered for resale all of such shares.

The credit facility is secured by a first-priority security interest in substantially all of our assets, including the capital stock of our active subsidiaries. Our active subsidiaries have guaranteed our obligations to Laurus and have granted Laurus a security interest in their assets to secure this guarantee.

We incurred investment banking costs amounting to \$559,000, including \$455,000 in cash and \$103,840 in the form of 57,252 shares of our unregistered common stock valued at \$75,000 and warrants to purchase up to 270,000 shares of our common stock valued at \$28,840. The warrants are immediately exercisable, have a term of five years and have exercise prices ranging from \$1.64 to \$2.29.

Total debt issuance costs incurred in connection with securing the Laurus Credit Facility amounted to approximately \$661,000 of deferred financing costs which will be amortized to interest expense over the three year term. Additionally, a management fee amounting to \$315,000 was paid to Laurus from the closing proceeds, and was recorded as a debt discount to be amortized to interest expense over the three year term.

F-16

GreenMan Technologies, Inc. Notes To Consolidated Financial Statements

8. Credit Facility/Notes Payable - (Continued)

We have agreed to register for resale under the Securities Act of 1933 the shares of common stock issuable to Laurus upon conversion of borrowings under the credit facility and upon exercise of the warrants. Pursuant to this agreement, we filed a registration statement on Form SB-2 with the Securities and Exchange Commission on July 30, 2004. This statement has not yet become effective.

The amount of our common stock Laurus may hold at any given time is limited to no more than 4.99% of our outstanding capital stock and no more than 25% of our aggregate daily trading volume determined over the five-day period prior to the date of determination. These limitations may be waived by Laurus on 90 days' prior notice, or without notice if we are in default.

The conversion price applicable to each of the notes and the exercise price of each of the warrants is subject to downward adjustment if we issue shares of our common stock (or common stock equivalents) at a price per share less than the applicable conversion or exercise price. There are exceptions for issuances of stock and options to our employees and for certain other ordinary course stock issuances.

Subject to applicable cure periods, amounts borrowed from Laurus are

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

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 certain monetary judgments against us that are not paid or vacated for a period of 30 business days; (vi) suspensions of trading of our common stock; (vii) any failure to deliver shares of common stock upon conversions under the credit facility; (viii) certain defaults under agreements related to any of our other indebtedness; (ix) payments of any dividends either in cash or stock and (x) changes of control of our company. Substantial fees and penalties are payable to Laurus in the event of default.

Pursuant to the terms of the Laurus notes, we are required to provide audited financial statements within ninety days of our fiscal yearend and due to unforeseen delays we provided the financial statements subsequent to the ninety days. Laurus has agreed to waive any and all defaults resulting from our failure to file our financial statements timely.

September 30,
2004

Notes payable consists of the following at:

Line of credit, First American, secured by all assets of GreenMan Technologies of Iowa, bearing interest at prime plus 1.0% (5.75% at September 30, 2004)	\$ 500,000
Line of credit, WAMCO, secured by eligible accounts receivable of GreenMan Technologies of Minnesota and GreenMan Technologies of Georgia, guaranteed by GreenMan, and bearing interest at prime plus 2.0%	--
Term note payable, Republic Services of Georgia, LP, due in monthly installments of \$3,125 plus interest at 10% with the remaining principal balance due March 2007	656,250
Term note payable, First American, secured by assets of GreenMan Technologies of Iowa, due in equal monthly installments of \$33,425 including interest at 7.5% through February 2008	1,220,315
Term note payable, State of Iowa, secured by certain assets of GreenMan Technologies of Iowa, due in quarterly installments of \$8,449 including interest at 1.5% with the remaining principal balance due November 2012	280,666
Term note payable, State of Iowa, secured by certain assets of GreenMan Technologies of Iowa, due in 32 quarterly installments of \$6,920 including interest at 3% through October 2012	196,234
Term note payable, Sun Country Bank, secured by all assets of GreenMan Technologies of California, due in monthly installments of \$6,607 including interest at 5.75% with the remaining principal balance due March 2011	438,600
Term note payable, Andrew and Karen Gundrum, secured by real estate of GreenMan Technologies of Wisconsin, due in monthly installments of \$9,563 for eight months and monthly installments of \$2,886 including interest at 8% for sixty months	292,980
Term note payable, Cryopolymers Leasing, guaranteed by three officers, due in monthly installments of \$7,553 including interest at 7.75% with the principal balance due June 2004	--
Term note payable, WAMCO, secured by machinery and equipment of GreenMan Technologies of Minnesota and GreenMan Technologies of Georgia, guaranteed by GreenMan, due in monthly installments of \$34,067 including interest at prime plus 2.5%	--

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

F-17

GreenMan Technologies, Inc.
Notes To Consolidated Financial Statements

8. Credit Facility/Notes Payable - (Continued)

	September 30, 2004

Term note payable, Bremer, secured by real estate of GreenMan Technologies of Minnesota, due in monthly installments of \$10,649 including interest at prime plus 2.75% for 36 months then prime plus 2.25%	--
Term note payable, WAMCO, secured by machinery and equipment acquired under the machinery and equipment line of credit, guaranteed by GreenMan, due in monthly installments of \$13,283 including interest at prime plus 2.5%	--
Other term notes payable and assessments, secured by various equipment with interest rates ranging from 0% to 11.26% and requiring monthly installments from \$598 to \$5,808	1,450,492

	5,035,537
Less current portion	(1,677,390)

Notes payable, non-current portion	\$ 3,358,147
	=====

	September 30, 2004

Convertible notes payable consists of the following at	
Line of credit, Laurus, secured by eligible accounts receivable and inventory of GreenMan Technologies of Georgia, Minnesota and Tennessee, and bearing interest at prime plus 1.0% (5.75% at September 30, 2004)	\$ 1,814,042
Term note payable, Laurus, secured by machinery and equipment of GreenMan Technologies of Georgia, Minnesota and Tennessee, due in 33 monthly installments of \$125,000 plus interest at prime plus 1% (5.75% at September 30, 2004) commencing November 1, 2004	3,705,134

	5,519,176
Less current portion	(3,084,971)

Convertible notes payable, non-current portion	\$ 2,434,205
	=====

The following is a summary of maturities of all notes payable at September 30, 2004:

Years Ending September 30,

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

2005	\$1,677,390
2006.....	956,740
2007	1,364,271
2008	288,423
2009	418,288
2010 and thereafter.....	330,425

	\$5,035,537
	=====

The following is a summary of maturities of all convertible notes payable at September 30, 2004:

Years Ending September 30,	

2005	\$3,084,971
2006.....	1,395,930
2007	1,038,275
2008	--
2009	--
20010 and thereafter.....	--

	\$5,519,176
	=====

Interest expense on the lines of credit and notes payable for the years ended September 30, 2004 and 2003 amounted to \$814,420 and \$873,959, respectively.

9. Notes Payable - Related Party

Notes Payable, Related Party consists of the following:

Convertible Notes Payable - Related Party

One of our directors was owed \$300,000 under the terms of an October 1999 private offering of 10% convertible notes and warrants and \$75,000 under the terms of a February 2000 offering of 11% convertible notes and warrants. The convertible notes originally matured twelve months after issuance and were payable in cash or unregistered shares of our common stock at a conversion price of \$1.00 per share. In September 2000 and June 2001, the director agreed to extend the maturity date of each note for an additional twelve months from their original maturity. In return for the June 2001 extension, we agreed to reduce

F-18

GreenMan Technologies, Inc.
Notes To Consolidated Financial Statements

9. Notes Payable - Related Party - (Continued)

the conversion price to \$.75 per share. In September 2002, the director again agreed to extend the maturity of each note for an additional twenty-four months from their extended maturity dates which range from October 2004 to February 2005. The director exercised the warrants in fiscal 2003. (See Note 12).

On February 16, 2004, the director converted both notes, including \$375,000 of principal and \$168,210 of accrued interest into 724,281 shares of our unregistered common stock pursuant to the amended terms noted above.

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

Note Payable - Related Party

In November 2000, we borrowed \$200,000 from the same director who held the convertible notes referred to above. This unsecured note payable bears interest at 12% per annum with interest due monthly and the principal due originally in November 2001. In June 2001, the director agreed to extend the maturity date of the note for an additional twelve months from its original maturity. In September 2002, the director agreed to extend the maturity of the note for an additional twenty-four months or until November 2004. In June 2004, the director agreed to extend the maturity of this note until the earlier of when all amounts due under the Laurus credit facility (See Note 8) 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 the April 2004 private placement of investment units and each received 113,636 units in these transactions. At September 30, 2004, 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 (See Note 8) have been repaid or June 30, 2007.

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 amount due under the Laurus credit facility (See Note 8) have been repaid or June 30, 2007. At September 30, 2004, the remaining balance due on this note amounted to \$99,320

On September 30, 2003, our Georgia subsidiary's landlord, loaned us \$100,000 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 September 30, 2004. In June 2004, the landlord agreed to invest the entire \$100,000 principal balance of the unsecured promissory note plus accrued interest of \$7,300 into the April 2004 private placement of investment units and received 121,932 units in this transaction.

In October 2003, one of our officers loaned us \$75,000 under the terms of an October 22, 2003 unsecured promissory note payable which bears interest at 12% per annum with interest due quarterly and the principal due June 30, 2004. During January and February 2004, the same officer advanced us an additional \$250,000 under substantially similar notes that are also due in June 2004. This officer agreed to invest all unpaid principal and interest under these notes amounting to approximately \$350,000 into the April 2004 private placement of units and received 339,806 units in these transactions.

The following is a summary of maturities of all related party notes payable at September 30, 2004:

Years Ending September 30,	

2005	\$ --

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

2006.....	--
2007.....	699,320

	\$ 699,320
	=====

Total interest expense for related party notes amounted to \$143,727 and \$76,717, for the fiscal years ended September 30, 2004 and 2003, respectively. Total accrued interest due related parties amounted to \$49,820 and \$175,754 at September 30, 2004 and 2003, respectively.

F-19

GreenMan Technologies, Inc.
Notes To Consolidated Financial Statements

10. Capital Leases

We lease various facilities and equipment under capital lease agreements with terms ranging from 36 months to 240 months and requiring monthly payments ranging from \$348 to \$17,642. Assets acquired under capital leases with an original cost of \$4,411,461 and \$3,291,481 and related accumulated amortization of \$1,319,717 and \$968,860 are included in property, plant and equipment at September 30, 2004 and 2003, respectively. Amortization expense for the years ended September 30, 2004 and 2003 amounted to \$350,857 and \$403,380 respectively.

In April 2001, our Georgia subsidiary sold and then leased back their property under a twenty-year lease requiring a monthly rental of \$17,642. The lease can be renewed for four additional five-year periods and provides us an option to repurchase the land and buildings at fair market value after the second anniversary of the lease. The lease has been classified as a capital lease with a value of \$1,300,000.

In July 2002, our Minnesota subsidiary entered into a four-year equipment lease with a company co-owned by an employee for equipment valued at \$146,670. Under the terms of the lease, we are required to pay \$4,394 per month rental and have the ability to purchase the equipment at the end of the lease at approximately 40% of original value. The lease is classified as a capital lease.

In March 2004, our Minnesota subsidiary leased back their property from a company co-owned by an employee under a twelve-year lease requiring an annual rental of \$195,000, increasing to \$227,460 over the term of the lease. The lease can be renewed for two additional four-year periods. The lease has been classified as a capital lease with a value of \$1,400,000.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of net minimum lease payments at September 30, 2004:

Years Ending September 30, -----	
2005	\$ 708,027
2006	596,087
2007	522,315
2008	435,771
2009	417,285
2010 and thereafter	4,185,483

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

Total minimum lease payments	6,864,968
Less amount representing interest	(3,687,106)

Present value of minimum lease payments ..	\$ 3,177,862
	=====

For the years ended September 30, 2003 and 2002, interest expense on capital leases amounted to \$376,650 and \$349,556, respectively.

11. Commitments and Contingencies

Employment Agreements

We have employment agreements with three of our officers, which provide for base salaries, participation in employee benefit programs and severance payments for termination without cause.

Rental Agreements

Our Iowa subsidiary leases a facility located on approximately 4 acres of land under a 10-year lease commencing in April 2003 from Maust Asset Management Company, LLC ("Maust Asset Management"), a company co-owned by one of our employees. Under the terms of the lease, monthly rental payments of \$8,250 are required for the first five years increasing to \$9,000 per month for the remaining five years. The lease also provides a right of first refusal to purchase the land and buildings at fair market value during the term of the lease. Maust Asset Management acquired the property from the former lessor.

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

Our Tennessee subsidiary leases a facility of approximately 26,000 square feet located on approximately 2 acres of land under a three-year agreement for \$10,222 per month. The lease can be renewed for an additional five-year period and includes an option to purchase the land and buildings at fair market value during the term of the lease.

F-20

GreenMan Technologies, Inc. Notes To Consolidated Financial Statements

11. Commitments and Contingencies - (Continued)

Our Wisconsin subsidiary previously leased its facility located on approximately 4 acres of land for monthly rent of \$3,600 pursuant to a three-year lease agreement. During 2003, the lease terminated upon our exercise of an option to purchase the property.

We lease approximately 3,380 square feet of office space in Lynnfield, Massachusetts at a monthly rental of \$5,070 under a five-year lease that expires in May 2008. In June 2004, we amended this lease to include an additional 1,125 square feet of office space for additional monthly rent of \$1,500.

For the years ended September 30, 2004 and 2003, total rental expense in connection with all non-cancellable real estate leases amounted to \$302,004 and \$299,244 respectively, of which \$99,000 and \$49,500 was applicable to the related-party lease in 2004 and 2003, respectively.

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

We also rent various vehicles and equipment from third parties under non-cancellable operating leases with monthly rental payments ranging from \$263 to \$1,620 and with terms ranging from 48 to 84 months. In addition, we rent several pieces of equipment on a monthly basis from a company co-owned by an employee. Monthly rent ranges from \$321 to \$2,800.

For the fiscal years ended September 30, 2004 and 2003, total rent expense in connection with vehicle and equipment leases amounted to \$78,177 and \$195,886, respectively, of which, \$15,786 and \$147,649 was to related parties.

The total future minimum rental commitment at September 30, 2004 under the above operating leases and the leases referred to in Note 7 are as follows:

Year ending September 30:	Real Estate	Equipment	Total
	-----	-----	-----
2005	\$ 315,504	\$ 222,913	\$ 538,417
2006	185,340	320,209	505,549
2007	177,840	303,600	481,440
2008	154,560	303,600	458,160
2009	153,630	246,900	400,530
2010 and thereafter	378,000	86,000	464,000
	-----	-----	-----
	\$1,364,874	\$1,483,222	\$2,848,096
	=====	=====	=====

Litigation

There was no pending litigation as of September 30, 2004.

12. Stockholders' Equity

Increase in Authorized Shares of Common Stock

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

Private Offering of Common Stock

In February 2002, we commenced a private offering of our common stock in an effort to raise up to \$2,000,000 in gross proceeds (subsequently increased to \$3,000,000 in August 2002). As of September 30, 2003, when the offering terminated, we had sold 1,458,511 shares of our unregistered common stock to investors, including existing shareholders, for gross proceeds of \$2,133,603. The investors have been granted limited registration rights to cause us to register the common stock for resale in the event that we register shares of common stock for our own account. The investors have agreed not to sell or transfer the shares for a period of at least 18 months after issuance.

On April 9, 2004, we commenced a private offering of investment units to accredited investors. Each unit consists of one share of our common stock and a warrant to purchase 0.5 shares of our common stock. The purchase price of the units equaled 80% of the average closing bid price of our common stock during the ten days preceding the date each investor's subscription for units became a binding commitment. The warrants are exercisable at any time between the ninth month and the third year after the date of issuance at an exercise price equal to 150% of the closing bid price of our common stock on the day preceding such date. In addition, in accordance with American Stock Exchange rules, units purchased by officers, directors or affiliates were made at 100% of the closing bid price of our common stock on the day preceding the date such investor's subscription for units became a binding commitment.

GreenMan Technologies, Inc.
Notes To Consolidated Financial Statements

12. Stockholders' Equity - (Continued)

As of June 30, 2004, when the offering was concluded, 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 re-establish our Georgia waste wire processing capacity and for general working capital purposes during the seasonally slower portion of our fiscal year.

Other Common Stock Transactions

On February 16, 2004, a director converted two convertible notes, including \$375,000 of principal and \$168,210 of accrued interest into 724,281 shares of our unregistered common stock (See Note 9).

In April 2004, we issued 50,000 shares of unregistered stock (valued at \$44,000) to the lessor of certain processing equipment leased by our Wisconsin subsidiary as partial consideration in a lease buy-out transaction.

On June 24, 2004, we issued 369,331 shares of common stock upon the conversion of a December 23, 2003 note payable in the principal amount of \$375,000 and accrued interest of \$18,854 (See Note 8).

On June 30, 2004, we issued 57,252 shares of our unregistered common stock valued at \$75,000 for investment banking services in conjunction with the Laurus financing (See Note 8).

1993 Stock Option Plan

The 1993 Stock Option Plan was established to provide stock options to our employees, officers, directors and consultants. On March 29, 2001, our stockholders approved an increase to the number of shares authorized under the Plan to 3,000,000. This plan expired in June 2004.

During the period of December 2002 to September 2003, two former employees and three directors collectively exercised 69,106 options to purchase unregistered shares of our common stock at prices ranging from \$.38 to \$.85 per share for gross proceeds of \$39,304.

During the period of February 2004 to June 2004, two directors and an officer, collectively exercised options and warrants to purchase 223,538 shares of unregistered common stock at exercise prices ranging from \$0.38 to \$0.94 per share for gross proceeds of \$150,435.

Stock options and activity is summarized as follows:

Year Ended September 30, 2004	Year Ended September 30,
-----	-----
Weighted	We

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

	Shares	Average Exercise Price	Shares	Average Exercise Price
	-----	-----	-----	-----
Outstanding at beginning of period	1,983,894	\$.91	2,113,000	\$.91
Granted	--	--	--	--
Canceled	(90,000)	.53	(60,000)	.53
Exercised	(223,538)	.67	(69,106)	.67
	-----		-----	
Outstanding at end of period	1,670,356	.87	1,983,894	.87
	=====		=====	
Exercisable at end of period	1,498,356	.87	1,533,094	.87
	=====		=====	
Reserved for future grants at end of period	--		936,880	
	=====		=====	
Weighted average fair value of options granted during the period		\$ --		\$ --

F-22

GreenMan Technologies, Inc.
Notes To Consolidated Financial Statements

12. Stockholders' Equity - (Continued)

Information pertaining to options outstanding under the plan at September 30, 2004 is as follows:

Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
-----	-----	-----	-----	-----	-----
\$.38 - .53	540,462	5.8	\$.48	438,262	\$.49
\$.81 - 1.09	1,041,894	4.3	.99	1,021,894	.99
\$ 1.35 - \$1.80	88,000	6.6	1.77	38,200	1.74
	-----			-----	
	1,670,356	4.9	\$.87	1,498,356	\$.87
	=====			=====	

2004 Stock Option Plan

Our 2004 Stock Option Plan was adopted by the Board of Directors on April 21, 2004, and is subject to ratification by our stockholders. Subject to such ratification, options granted under the 2004 Stock Option Plan may be either options intended to qualify as "incentive stock options" under Section 422 of the Internal Revenue Code of 1986, as amended; or non-qualified stock options. We will evaluate the market price of our common stock on the date the plan is ratified as compared to the exercise price of all previously granted options under the plan to determine the amount of compensation expense, if any, that should be recognized on such grants.

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

Our Board of Directors will grant options and establish the terms of the grant in accordance with the provisions of the 2004 Stock Option Plan. Stock options granted are summarized as follows:

	Year Ended September 30, 2004	
	Shares	Weighted Average Exercise Price
Outstanding at beginning of period	--	\$ --
Granted	538,000	1.11
Canceled	--	--
Exercised	--	--
Outstanding at end of period	538,000	1.11
Exercisable at end of period	--	--
Reserved for future grants at end of period	1,462,000	
Weighted average fair value of options granted during the period		\$0.32

Non-Employee Director Stock Option Plan

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

The Board of Directors has reserved 60,000 shares of our common stock for issuance under this plan and as of September 30, 2004, options to purchase 32,000 shares of our common stock have been granted of which 22,000 are outstanding and exercisable at prices ranging from \$0.38 to \$1.95.

In September 2003, a director exercised options to purchase 10,000 shares of our unregistered common stock at prices ranging from \$.38 to \$1.09 per share for gross proceeds of \$8,060.

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

12. Stockholders' Equity - (Continued)

During the fiscal years ended September 30, 2004 and 2003, options were granted to purchase 6,000 shares of common stock at \$1.10 per share and \$1.95 per share, respectively. The options are exercisable for a period of ten years. The weighted average fair value of the options granted during the years ended September 30, 2004 and 2003 were \$.37 and \$.41 per share, respectively.

Other Stock Options and Warrants

During the months of May and September 2003, a director exercised 125,000 warrants, in aggregate to purchase unregistered shares of our common stock at prices ranging from \$.31 to \$.50 per share for gross proceeds of \$43,500.

During the months of July and September 2003, an officer exercised 75,000 non-qualified options to purchase unregistered shares of our common stock at an exercise price of \$.50 per share for gross proceeds of \$37,500.

In January 2004, warrants to purchase 117,852 shares of our common stock were exercised at pricing ranging from \$1.00 to \$1.50 using a net exercise feature, and as a result, we issued 29,128 shares of our common stock.

On June 30, 2004, we issued Laurus a warrant to purchase up to 990,000 shares of our common stock at prices ranging from \$1.63 to \$2.29 and a warrant to purchase up to 390,000 shares of our common stock at prices ranging from \$1.56 to \$2.18. The warrants vest immediately and have a five-year term. In addition, we issued a warrant to purchase up to 270,000 shares of our common stock at prices ranging from \$1.64 to \$2.29 for investment banking services. The warrants vest immediately and have a five-year term.

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

	Year Ended September 30, 2004		Year Ended September 30, 2003	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of period	2,004,900	\$ 1.28	2,474,900	\$ 3.41
Granted	3,001,103	1.74	--	--
Canceled	(132,148)	1.98	(270,000)	22.24
Exercised	(117,852)	1.17	(200,000)	.41
Outstanding at end of period	4,756,003	1.55	2,004,900	1.28
Exercisable at end of period	4,661,003	1.56	1,814,900	1.33
Weighted average fair value of options granted during the period		\$.14		\$ --

Options Outstanding

Options Exercisable

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$.50 - 1.09	2,046,497	4.63	\$.95	1,996,497	\$.96
\$ 1.50 - 4.50	2,672,106	4.17	1.96	2,627,106	1.97
\$ 5.00 - 5.65	37,400	1.40	5.58	37,400	5.58
	-----			-----	
	4,756,003	3.95	\$ 1.55	4,661,003	\$ 1.56
	=====			=====	

Common Stock Reserved

We have reserved common stock at September 30, 2004 as follows:

Stock option plans	2,258,356
Other stock options	1,151,500
Other warrants	3,604,503
Shares issuable upon conversion of notes payable.....	3,900,000

	10,914,359
	=====

F-24

GreenMan Technologies, Inc.
Notes To Consolidated Financial Statements

13. Employee Benefit Plan

Effective August 1999, we implemented a Section 401(k) plan for all eligible employees. Employees are permitted to make elective deferrals of up to 15% of employee compensation and employee contributions to the 401(k) plan are fully vested at all times. We may make discretionary contributions to the 401(k) plan which become vested over a period of five years. There were no corporate contributions to the 401(k) plan during the years ended September 30, 2004 and 2003, respectively.

14. Segment Information

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

15. Major Customers

During the fiscal years ended September 30, 2004 and 2003, no one customer accounted for more than 10% of our consolidated net sales.

16. Income Taxes

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

September 30, September 30,

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

	2004	2003
	-----	-----
Current:		
Federal.....	\$ --	\$ --
State	--	550
	-----	-----
	--	550
Deferred federal and state taxes.....	--	--
	-----	-----
Total (benefit) provision for income taxes..	\$ --	\$ 550
	=====	=====

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

The difference between the statutory federal income tax rate of 34% and the effective rate is primarily due to net operating losses incurred by us and the provision of a valuation reserve against the related deferred tax assets.

The following differences give rise to deferred income taxes:

	September 30, 2004	September 30, 2003
	-----	-----
Net operating loss carry forwards	\$ 9,735,000	\$ 8,237,000
Differences in fixed asset bases	(1,084,000)	(477,000)
Capital loss carryover	--	220,000
Other, net	(17,000)	73,000
	-----	-----
	8,634,000	8,053,000
Valuation reserve	(8,364,000)	(7,783,000)
	-----	-----
Net deferred tax asset	\$ 270,000	\$ 270,000
	=====	=====

The change in the valuation reserve is as follows:

	Year Ended September 30, 2004	Year Ended September 30, 2003
	-----	-----
Balance at beginning of period	\$ 7,783,000	\$ 6,614,000
Increase due to rate differentials and current period operating results.....	581,000	1,169,000
	-----	-----
Balance at end of period	\$ 8,364,000	\$ 7,783,000
	=====	=====

Previously, we had recorded a full valuation allowance on the net operating loss carry forwards and other components of the deferred tax assets based on our expected ability to realize the benefit of those assets. In the year ending September 30, 2002, we reduced the valuation allowance by \$270,000 based on our net income before taxes in the year then ending as well as expected net income before income taxes for the next fiscal year.

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

GreenMan Technologies, Inc. Notes To Consolidated Financial Statements

16. Income Taxes - (Continued)

During the past twelve months we have implemented several initiatives which will allow us to increase our overall revenue with no further capital investment. We are currently selling product into several new, higher-value markets. In response to growing crumb rubber demand, we have doubled the crumb rubber processing capacity at our California facility. The implementation of our waste wire processing equipment in Iowa and Minnesota during fiscal 2003 has reduced our residual disposal costs and provided for increased revenue through the sale of the steel by-product and premium prices paid for crumb rubber feedstock. In addition, on-going efforts to reduce selling, general and administrative costs have resulted in a \$755,000 reduction in these costs during fiscal 2004.

In June 2004, we completed a \$9 million financing with Laurus and have earmarked over \$1 million for full implementation of our new high-volume tire processing facility in Tennessee. We anticipate the facility to be operational during the second quarter of fiscal 2005 thus eliminating over \$80,000 per month of excess transportation costs necessitated by transporting tires to our Georgia location for processing. In addition, our Georgia waste wire processing equipment which was damaged by a fire in March 2003 became operational in November 2004. Based on historical results and current Iowa and Minnesota performance of similar equipment, we anticipate our performance will be enhanced by almost \$300,000 per quarter in the form of new product revenue and reduced disposal expenses in Georgia.

In light of the nature and character of losses sustained during the prior twenty four months and the performance enhancing initiatives described above, we have evaluated the realizability of the deferred tax asset and concluded that based on projected net income in future years, it is more likely than not, this deferred asset will be realized through utilization of net operating loss carryforwards in the future. The remaining net operating loss carry forwards and other components of the net deferred tax asset continue to have a full valuation allowance. We will evaluate the realizability of these deferred tax assets each quarter.

As of September 30, 2004, we had net operating loss carry forwards of approximately \$25,000,000. The Federal and state net operating loss carry forwards expire in varying amounts beginning in 2013 and 2004, respectively. In addition, we have Federal tax credit carry forwards of approximately \$17,000 available to reduce future tax liabilities. The Federal tax credit carry forwards expire beginning in 2013. Use of net operating loss and tax credit carry forwards maybe subject to annual limitations based on ownership changes in our common stock as defined by the Internal Revenue Code.

17. Fair Value of Financial Instruments

At September 30, 2004 and 2003, our financial instruments consist of notes payable to banks and others, and convertible notes payable. Notes payable to banks and others approximate their fair values as these instruments were negotiated currently and bear interest at market rates. The fair value of the \$5,519,176 convertible notes payable is \$5,985,166 at September 30, 2004 based upon the intrinsic value of the conversion feature on that date (see Note 8).

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 24 - INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Under our certificate of incorporation and bylaws, our directors and officers are entitled to be indemnified by us to the fullest extent permitted by Section 102(b)(7) of the Delaware General Corporation Law. Additionally, under our certificate of incorporation and bylaws, our directors are not subject to personal liability to us or our stockholders for monetary damages resulting from a breach of fiduciary duty or failure to exercise any applicable standard of care, except that our directors may be subject to personal liability for monetary damages in circumstances involving:

- o a breach of the duty of loyalty;
- o acts or omissions not in good faith which involve intentional misconduct or a knowing violation of law;
- o unlawful payments of dividends, stock purchases or redemptions under the Delaware General Corporation Law; or
- o transactions from which the director derives an improper personal benefit.

ITEM 25 - OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the estimated costs and expenses of the Company in connection with the offering described in this registration statement. None of these costs and expenses will be paid by any of the selling stockholders.

Securities and Exchange Commission Registration Fee ...	\$ 739.28
American Stock Exchange Listing Fee	45,000.00
Legal Fees and Expenses	10,000.00
Accounting Fees and Expenses	10,000.00
Other Expenses	5,000.00
Total Costs and Expenses	\$70,739.28

ITEM 26 - RECENT SALES OF UNREGISTERED SECURITIES.

On June 30, 2004, in a transaction exempt from registration under Section 4(2) of the Securities Act, we issued a \$4 million secured convertible term note, a \$4 million convertible secured convertible revolving note and a \$1 million secured minimum borrowing note, to Laurus Master Fund, Ltd. for an aggregate purchase price of \$9 million. As part of the transaction, Laurus was also issued ten-year warrants to purchase 1,380,000 shares of our common stock at prices ranging from \$1.56 to \$2.29 per share. Amounts outstanding under the term note are convertible into common stock at Laurus's option at a conversion price initially equal to \$1.25 per share. In addition, subject to (i) having an effective registration statement with respect to the shares of common stock underlying the term note, and (ii) limitations based on trading volume of the common stock, scheduled principal and interest payments under the term note will be made in shares of common stock valued at the conversion price. Amounts outstanding under the revolving and minimum borrowing notes are convertible to

II-1

common stock at Laurus's option at a conversion price initially equal to \$1.31 per share. The conversion prices under the notes are subject to equitable adjustment for stock splits, stock dividends and similar events, and "weighted average" adjustment for future stock issuances (other than stock issuances in specifically excepted transactions).

In February 2002, we commenced a private offering of our common stock to accredited investors (as that term is defined in Rule 501 of Regulation D under the Securities Act) in an effort to raise up to \$2,000,000 in gross proceeds (subsequently increased to \$3,000,000 in August 2002). As of September 30, 2003, when the offering terminated, we had sold 1,458,511 shares of our common stock to investors, including existing shareholders, for gross proceeds of \$2,133,603. The sale of these shares was exempt from registration pursuant to Section 4(2) of the Securities Act.

In December 2003, we entered into a note purchase agreement with an accredited investor pursuant to which we issued a 10% convertible note payable eu3 December 2004 in the aggregate principal amount of \$375,000. The Note was convertible at the option of the Holder at any time prior to maturity into special investment units at a price equal to \$1.07 per unit with each unit consisting of one share of unregistered common stock and a warrant to purchase 1.5 shares of common stock at an exercise price of \$1.07 per share, exercisable six 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. The sale of the note and the issuance of the shares of common stock upon conversion were exempt from registration pursuant to Section 4(2) of the Securities Act.

In February 2004, we issued 724,281 shares of our common stock to one of our directors upon conversion of certain convertible promissory notes in the aggregate principal amount of \$375,000, together with \$168,210 of accrued interest. The issuance of the shares of common stock upon conversion were exempt from registration pursuant to Section 4(2) of the Securities Act.

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. The sale of these units was exempt from registration pursuant to Section 4(2) of the Securities Act.

We have issued options to purchase shares of our common stock from time to time under our 1993 Stock Option Plan, our 2004 Stock Option Plan and our 1996 Non-Employee Director Stock Option. The exercise prices of such options are equivalent to the fair market value of our common stock on the respective grant dates. Such stock option grants, and the issuance of shares of stock upon exercise of such options, are exempt from registration pursuant to Section 4(2) of the Securities Act.

ITEM 27 - EXHIBITS.

The following exhibits are filed with this document:

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

Exhibit No. -----	Description -----
3.1(10)	-- Restated Certificate of Incorporation as filed with the Secretary of State of the State of Delaware on May 1, 2003
3.2(2)	-- By-laws of GreenMan Technologies, Inc.
4.1(2)	-- Specimen certificate for Common Stock of GreenMan Technologies, Inc.
4.2(14)	-- Securities Purchase Agreement, dated June 30, 2004, by and between GreenMan Technologies, Inc. and Laurus Master Fund, Ltd.
II-2	
4.3(14)	-- Security Agreement, dated June 30, 2004, by and among GreenMan Technologies, Inc. and certain of its subsidiaries, in favor of Laurus Master Fund, Ltd.
4.4(14)	-- Master Security Agreement, dated June 30, 2004, by and among GreenMan Technologies, Inc. and certain of its subsidiaries, in favor of Laurus Master Fund, Ltd.
4.5(14)	-- Secured Convertible Minimum Borrowing Note, dated June 30, 2004, made by GreenMan Technologies, Inc. to Laurus Master Fund, Ltd.
4.6(14)	-- Secured Revolving Note, dated June 30, 2004, made by GreenMan Technologies, Inc. to Laurus Master Fund, Ltd.
4.7(14)	-- Secured Convertible Term Note, dated June 30, 2004, made by GreenMan Technologies, Inc. to Laurus Master Fund, Ltd.
4.8(14)	-- Common Stock Purchase Warrant, dated June 30, 2004, issued to Laurus Master Fund, Ltd.
4.9(14)	-- Common Stock Purchase Warrant, dated June 30, 2004, issued to Laurus Master Fund, Ltd.
4.10(14)	-- Term Note Registration Rights Agreement, dated June 30, 2004, by and between GreenMan Technologies, Inc. and Laurus Master Fund, Ltd.
4.11(14)	-- Minimum Borrowing Note Registration Rights Agreement, dated June 30, 2004, by and between GreenMan Technologies, Inc. and Laurus Master Fund, Ltd.
4.12(14)	-- Subsidiary Guarantee, dated June 30, 2004, by and among GreenMan Technologies of Minnesota, Inc., GreenMan Technologies of Georgia, Inc., GreenMan Technologies of Iowa, Inc., GreenMan Technologies of Tennessee, Inc., GreenMan Technologies of Wisconsin, Inc. and GreenMan Technologies of California, Inc., in favor of Laurus Master Fund, Ltd.
4.13(14)	-- Stock Pledge Agreement, dated June 30, 2004, by and among GreenMan Technologies, Inc. and Laurus Master Fund, Ltd.
4.14(14)	-- Subordination Agreement, dated June 30, 2004, by and among

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

Barbara Morey, Joyce Ritterhauss, Allen Kahn, Robert Davis and Nancy Davis, in favor of Laurus Master Fund, Ltd.

- 4.15(14) -- Escrow Agreement dated June 30, 2004 among GreenMan Technologies, Inc., Laurus Master Fund, Ltd., and Loeb & Loeb LLP, as Escrow Agent
 - 5(14) -- Opinion of Morse, Barnes-Brown & Pendleton, P.C.
 - 10.1(2) -- 1993 Stock Option Plan.
 - 10.2(15) -- 2004 Stock Option Plan.
 - 10.3(2) -- Form of confidentiality and non-disclosure agreement for executive employees.
 - 10.4(4) -- Employment Agreement between GreenMan Technologies, Inc. and Robert H. Davis.
 - 10.5(1) -- Promissory Note issued by Robert H. Davis dated January 9, 1998 in favor of GreenMan Technologies, Inc.
 - 10.6(1) -- Promissory Note issued by Robert H. Davis dated January 4, 1999 in favor of GreenMan Technologies, Inc.
 - 10.7(1) -- Extension Agreement dated September 30, 2000 between GreenMan Technologies, Inc. and Robert H. Davis.
 - 10.8(1) -- Extension Agreement dated September 30, 2001 between GreenMan and Robert H. Davis.
 - 10.9(4) -- Employment Agreement between GreenMan Technologies, Inc. and Charles E. Coppa.
 - 10.10(9) -- Promissory Note issued by Charles E. Coppa dated January 4, 1999 in favor of GreenMan Technologies, Inc.
 - 10.11(1) -- Convertible Note Payable issued October 27, 1999 by GreenMan Technologies, Inc. to Dr. Allen Kahn.
- II-3
- 10.12(1) -- Convertible Note Payable issued November 23, 1999 by GreenMan Technologies, Inc. to Dr. Allen Kahn.
 - 10.13(1) -- Convertible Note Payable issued February 18, 2000 by GreenMan Technologies, Inc. to Dr. Allen Kahn.
 - 10.14(1) -- Promissory note issued November 17, 2000 by GreenMan Technologies, Inc. to Dr. Allen Kahn.
 - 10.15(1) -- Extension Agreement dated September 30, 2000 between GreenMan Technologies, Inc. and Dr. Allen Kahn.
 - 10.16(1) -- Extension Agreement dated June 27, 2001 between GreenMan Technologies, Inc and Dr. Allen Kahn.
 - 10.17(12) -- \$75,000 Promissory Note issued by GreenMan Technologies, Inc. to Maurice E. Needham dated October 22, 2003.

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

- 10.18(13) -- \$100,000 Promissory Note issued by GreenMan Technologies, Inc. to Maurice E. Needham dated January 13, 2004.
- 10.19(13) -- \$100,000 Promissory Note issued by GreenMan Technologies, Inc. to Maurice E. Needham dated January 26, 2004.
- 10.20(13) -- \$50,000 Promissory Note issued by GreenMan Technologies, Inc. to Maurice E. Needham dated February 6, 2004
- 10.21(13) -- \$100,000 Promissory Note issued by GreenMan Technologies, Inc. to Joyce Ritterhauss dated March 10, 2004.
- 10.22(13) -- \$50,000 Promissory Note issued by GreenMan Technologies, Inc. to Richard Ledet dated March 12, 2004.
- 10.23(13) -- \$100,000 Promissory Note issued by GreenMan Technologies, Inc. to Barbara Morey dated March 18, 2004.
- 10.24(13) -- Purchase Agreement dated February 21, 2004 between GreenMan Technologies of Minnesota, Inc. and Earl Fisher.
- 10.25(13) -- Commercial Lease Agreement dated March 25, 2004 between GreenMan Technologies of Minnesota, Inc. and Two Oaks, LLC.
- 10.26(13) -- Extension Agreement dated March 31, 2004 between GreenMan Technologies, Inc. and Robert H. Davis and Nancy Karfilis-Davis.
- 10.27(13) -- Waiver agreement by Republic Services of Georgia, LP.
- 10.28(5) -- Loan and Security Agreement dated January 31, 2001 by and among Coast Business Credit, GreenMan Technologies of Minnesota, Inc. and GreenMan Technologies of Georgia, Inc.
- 10.29(5) -- Secured Promissory Note dated January 31, 2001 in the amount of \$2,044,000 executed by GreenMan Technologies of Minnesota, Inc. and GreenMan Technologies of Georgia, Inc. payable to Coast Business Credit.
- 10.30(5) -- Secured Promissory Note dated January 31, 2001 in the amount of \$822,250 executed by GreenMan Technologies of Minnesota, Inc. and GreenMan Technologies of Georgia, Inc. payable to Coast Business Credit.
- 10.31(5) -- Secured Promissory Note dated January 31, 2001 in the amount of \$812,250 executed by GreenMan Technologies of Minnesota, Inc. and GreenMan Technologies of Georgia, Inc. payable to Coast Business Credit.
- 10.32(5) -- Secured Promissory Note dated January 31, 2001 in the amount of \$1,000,000 executed by GreenMan Technologies of Minnesota, Inc. and GreenMan Technologies of Georgia, Inc. payable to Coast Business Credit.
- 10.33(5) -- Security Agreement-Continuing Guaranty dated January 31, 2001 between GreenMan Technologies Inc. and Coast Business Credit.
- 10.34(5) -- Loan Agreement dated March 29, 2001 between GreenMan

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

- Technologies of Minnesota, Inc. Bremer Business Finance Corporation.
- 10.35(5) -- Real Estate Term Note dated January 31, 2001 in the amount of \$822,250 executed by GreenMan Technologies of Minnesota, Inc. in favor of Bremer Business Finance Corporation.
- 10.36(5) -- Mortgage, Security Agreement, Fixture Financing Statement and Assignment of Leases and Rents executed by GreenMan Technologies of Minnesota, Inc. to Bremer Business Finance Corporation.
- 10.37(6) -- Purchase and Sale Agreement By and Between GreenMan Technologies of Georgia, Inc. and WTN Realty Trust dated April 2, 2001
- 10.38(6) -- Lease Agreement By and Between WTN Realty Trust to GreenMan Technologies of Georgia, Inc. dated April 2, 2001.
- 10.39(6) -- \$200,000 Promissory Note by WTN Realty Trust to GreenMan Technologies of Georgia, Inc. dated April 2, 2001.
- 10.40(6) -- Purchase and Sale Agreement By and Between Technical Tire Recycling, Inc. and Tennessee Tire Recyclers, Inc. dated April 16, 2001
- 10.41(6) -- \$180,000 Promissory Note by Technical Tire Recycling, Inc. to Tennessee Tire Recyclers, Inc. dated April 16, 2001.
- 10.42(6) -- Corporate Guarantee by GreenMan Technologies, Inc. of \$180,000 note to Tennessee Tire Recyclers, Inc. dated April 16, 2001.
- 10.43(7) -- Stock Repurchase Agreement by and between GreenMan Technologies, Inc. and Republic Services of Georgia, LP, dated February 14, 2002.
- 10.44(7) -- \$1,500,000 Promissory Note by GreenMan Technologies, Inc. to Republic Services of Georgia, LP dated February 14, 2002.
- 10.45(8) -- Stock Repurchase Agreement by and between GreenMan Technologies, Inc. and Republic Services of Georgia, LP dated May 6, 2002
- 10.46(8) -- \$750,000 Promissory Note by GreenMan Technologies, Inc. to Republic Services of Georgia, LP dated May 6, 2002.
- 10.47(9) -- Extension Agreement dated September 23, 2002 between GreenMan and Dr. Allen Kahn.
- 10.48(3) -- Employment Agreement dated April 1, 2003 between GreenMan Technologies, Inc. and Maurice E. Needham
- 10.49(3) -- Lease - Business Property agreement dated April 1, 2003 between GreenMan Technologies of Iowa, Inc. and Maust Asset Management, LLC
- 10.50(3) -- Guaranty dated September 12, 2003 by GreenMan Technologies, Inc. of obligations of GreenMan Technologies of Iowa, Inc. under the Lease - Business Property with Maust Asset Management, LLC.

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

- 10.51(3) -- \$100,000 Promissory Note by GreenMan Technologies, Inc. to Joyce Ritterhauss dated June 23, 2003.
- 10.52(3) -- \$100,000 Promissory Note by GreenMan Technologies, Inc. to Joyce Ritterhauss dated June 26, 2003.
- 10.53(3) -- \$100,000 Promissory Note by GreenMan Technologies, Inc. to Barbara Morey dated June 26, 2003.

II-5

- 10.54(3) -- \$100,000 Promissory Note by GreenMan Technologies, Inc. to Barbara Morey dated August 26, 2003.
- 10.55(3) -- \$100,000 Promissory Note by GreenMan Technologies, Inc. to Mart Management, Inc. dated September 30, 2003.
- 10.56(3) -- \$400,000 Promissory Note by GreenMan Technologies, Inc. to Robert H. Davis and Nancy Karfilis Davis dated September 30, 2003.
- 10.57(3) -- Waiver agreement by Republic Services of Georgia, LP
- 21.1(17) -- List of All Subsidiaries
- 23.1(14) -- Consent of Morse, Barnes-Brown & Pendleton, P.C. (included in Exhibit 5.1).
- 23.2(16) -- Consent of Wolf & Co., P.C.

- (1) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-KSB for the Fiscal Year Ended September 30, 2001 and incorporated herein by reference.
- (2) Filed as an Exhibit to GreenMan Technologies, Inc.'s Registration Statement on Form SB-2 No. 33-86138 and incorporated herein by reference.
- (3) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-KSB for the Fiscal Year Ended September 30, 2003 and incorporated herein by reference.
- (4) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-QSB for the Quarter Ended December 31, 2000 and incorporated herein by reference.
- (5) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-QSB for the Quarter Ended March 31, 2001 and incorporated herein by reference.
- (6) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-QSB for the Quarter Ended June 30, 2001 and incorporated herein by reference.
- (7) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-QSB for the Quarter Ended March 31, 2002 and incorporated herein by reference.
- (8) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-QSB for the Quarter Ended June 30, 2002 and incorporated herein by reference.
- (9) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-KSB for the Fiscal Year Ended September 30, 2002 and incorporated herein by reference.

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

- (10) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-QSB for the Quarter Ended March 31, 2003 and incorporated herein by reference.
- (11) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-QSB for the Quarter Ended June 30, 2003 and incorporated herein by reference.
- (12) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-QSB for the Quarter Ended December 31, 2003 and incorporated herein by reference.
- (13) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-QSB for the Quarter Ended March 31, 2004 and incorporated herein by reference.
- (14) Previously filed.
- (15) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-QSB for the Quarter Ended June 30, 2004, as amended, and incorporated herein by reference.
- (16) Filed herewith.
- (17) Filed as an Exhibit to GreenMan Technologies, Inc.'s Form 10-KSB for the Fiscal Year Ended September 30, 2004 and incorporated herein by reference.

II-6

ITEM 28 - UNDERTAKINGS.

The undersigned registrant hereby undertakes:

- (1) To file, during any period in which it offers or sells securities, a post-effective amendment to this registration statement to:
 - (i) Include any prospectus required by Section 10(a)(3) of the Securities Act;
 - (ii) Reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of the securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of a prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;
 - (iii) Include any additional or changed material information on the plan of distribution;
- (2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

offered therein, and the offering of such securities at that time shall be deemed to be the bona fide offering thereof.

- (3) To file a post-effective amendment to remove from registration any of the securities that remain unsold at the end of the offering.

Insofar as indemnification arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

II-7

SIGNATURES

In accordance with the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form SB-2 and authorized this Amendment No. 2 to registration statement to be signed on its behalf by the undersigned in the city of Lynnfield, Massachusetts, on January 26, 2005.

GREENMAN TECHNOLOGIES, INC.
(Registrant)

By: /s/ Charles E. Coppa
Charles E. Coppa
Chief Financial Officer

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities and on the dates indicated:

Table with 3 columns: Signature, Title, Date. Rows include Robert H. Davis (Chief Executive Officer and President), Charles E. Coppa (Chief Financial Officer), and Maurice E. Needham (Chairman of the Board of).

Edgar Filing: GREENMAN TECHNOLOGIES INC - Form SB-2/A

Maurice E. Needham	Directors	
/s/ Dr. Allen Kahn Dr. Allen Kahn	Director	January 26, 2005
/s/ Lew F. Boyd Lew F. Boyd	Director	January 26, 2005
_____ Lyle Jensen	Director	January __, 2005