GREEN MT LABS INC
Form 10QSB
August 11, 2005

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

FORM 10-QSB

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended June 30, 2005

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 0-50542

GREEN MT. LABS., INC.
(Exact name of small business issuer as specified in its charter)

NEVADA	82-0497807
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

19 East 200 South, Suite #1080, Salt Lake City, Utah 84111
(Address of principal executive offices)

(801) 322-3401
(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

Class	Outstanding as of June 30, 2005
Common Stock, $.001 par value	1,006,000

Transitional Small Business Disclosure Format (Check one): Yes [ ] No [X]

TABLE OF CONTENTS

Heading

PART I - FINANCIAL INFORMATION

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The accompanying balance sheets of Green Mt. Labs., Inc. at June 30, 2005 and December 31, 2004, related statements of operations, stockholders' equity (deficit) and cash flows for the six months ended June 30, 2005 and 2004 and the period July 12, 1983 (date of inception) to June 30, 2005, have been prepared by management in conformity with United States generally accepted accounting principles. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature. Operating results for the period ended June 30, 2005, are not necessarily indicative of the results that can be expected for the fiscal year ending December 31, 2005.

GREEN MT. LABS., INC.
(A Development Stage Company)

FINANCIAL STATEMENTS

June 30, 2005 and December 31, 2004

GREEN MT. LABS., INC.
(A Development Stage Company)
Balance Sheets

ASSETS

	June 30, 2005 (Unaudited)	December 31, 2004
CURRENT ASSETS		
Cash	$ --	$ --
Total Current Assets	--	--
TOTAL ASSETS	$ --	$ --

The accompanying notes are an integral part of these financial statements.

GREEN MT. LABS., INC.
(A Development Stage Company)
Balance Sheets (Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

	June 30, 2005	December 31, 2004
	(Unaudited)	
CURRENT LIABILITIES		
Accounts payable	$ 15,575	$ 1,910
Due to stockholder	46,184	36,979
Total Current Liabilities	61,759	38,889
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock at: $0.001 par value; 50,000,000 shares authorized 1,006,000 shares issued and outstanding	1,006	1,006
Additional paid-in capital	20,586	19,556
Deficit accumulated during the development stage	(83,351)	(59,451)
Total Stockholders' Equity (Deficit)	(61,759)	(38,889)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ --	$ --

The accompanying notes are an integral part of these financial statements.

GREEN MT. LABS., INC.
(A Development Stage Company)
Statements of Operations
(Unaudited)

	For the Three Months Ended June 30, 2005	For the Three Months Ended June 30, 2004	For the Six Months Ended June 30, 2005	For the Six Months Ended June 30, 2004	Fro Incept Jul 1983 t June 200
REVENUES	$ --	$ --	$ --	$ --	$
EXPENSES					

General and administrative	17,923	3,400	22,488	8,087	7
NET LOSS FROM OPERATIONS	(17,923)	(3,400)	(22,488)	(8,087)	(7
OTHER EXPENSES					
Interest expense	(734)	(568)	(1,412)	(621)	(
Total Other Expenses	(734)	(568)	(1,412)	(621)	(
NET LOSS	$ (18,657)	$ (3,968)	$ (23,900)	$ (8,708)	$ (8
BASIC NET LOSS PER SHARE	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.01)	
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	1,006,000	1,006,000	1,006,000	1,006,000	

The accompanying notes are an integral part of these financial statements.

GREEN MT. LABS., INC.
(A Development Stage Company)
Statements of Stockholders' Equity (Deficit)
From Inception on July 12,1983 through June 30, 2005

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Deficit Accumulated During the Development Stage
Balance at inception on July 12, 1983	--	$ --	$ --	$ --
Common stock issued for mining claims	1,000,000	1,000	6,500	--
Net loss from inception on July 12, 1983 thru December 31, 1997	--	--	--	(8,710)
Balance, December 31, 1997	1,000,000	1,000	6,500	(8,710)
Net Loss for the year ended December 31, 1998	--	--	--	--
Balance, December 31, 1998	1,000,000	1,000	6,500	(8,710)

Net Loss for the year ended December 31, 1999	--	--	--	--
Balance, December 31, 1999	1,000,000	1,000	6,500	(8,710)
Common stock issued for services on September 11, 2000	6,000	6	6,294	--
Contributed capital	--	--	3,099	--
Net Loss for the year ended December 31, 2000	--	--	--	(9,399)
Balance, December 31, 2000	1,006,000	$ 1,006	$ 15,893	$ (18,109)

The accompanying notes are an integral part of these financial statements.

GREEN MT. LABS., INC.
(A Development Stage Company)
Statements of Stockholders' Equity (Deficit) (Continued)
From Inception on July 12, 1983 through June 30, 2005

	Common Stock Shares	Amount	Additional Paid-in Capital	Deficit Accumulated During the Development Stage
Balance, December 31, 2000	1,006,000	$ 1,006	$ 15,893	$ (18,109)
Contributed Capital	--	--	993	--
Net loss for the year ended December 31, 2001	--	--	--	(3,236)
Balance, December 31, 2001	1,006,000	1,006	16,886	(21,345)
Net loss for the year ended December 31, 2002	--	--	--	(2,789)
Balance December 31, 2002	1,006,000	1,006	16,886	(24,134)
Services contributed to				

the Company	--	--	610	--
Net loss for the year ended December 31, 2003	--	--	--	(14,444)
Balance December 31, 2003	1,006,000	1,006	17,496	(38,578)
Services contributed to the Company	--	--	2,060	--
Net loss for the year ended December 31, 2004	--	--	--	(20,873)
Balance December 31, 2004	1,006,000	1,006	19,556	(59,451)
Services contributed to the Company (Unaudited)	--	--	1,030	--
Net loss for the six months ended June 30, 2005 (Unaudited)	--	--	--	(23,900)
Balance June 30, 2005 (Unaudited)	1,006,000	$ 1,006	$ 20,586	$ (83,351)

The accompanying notes are an integral part of these financial statements.

GREEN MT. LABS., INC.
(A Development Stage Company)
Statements of Cash Flows
(Unaudited)
From

	For the Six Months Ended June 30, 2005	For the Six Months Ended June 30, 2004	Inception on July 12, 1983 Through June 30, 2005
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (23,900)	$ (8,708)	$ (83,351)
Adjustments to reconcile net loss to net cash used in operating activities:			
Impairment loss on mining claims	--	--	7,500
Stock issued for services	--	--	6,300
Contribution of capital by shareholders	1,030	--	7,792
Changes in assets and liabilities:			

Increase(decrease) in accounts payable	13,665	391	15,575
Increase in accounts payable-related party	9,205	8,317	46,184
Net Cash Used in Operating Activities	--	--	--
CASH FLOWS FROM INVESTING ACTIVITIES	--	--	--
CASH FLOWS FROM FINANCING ACTIVITIES	--	--	--
NET INCREASE (DECREASE) IN CASH	--	--	--
CASH AT BEGINNING OF PERIOD	--	--	--
CASH AT END OF PERIOD	$ --	$ --	$ --

The accompanying notes are an integral part of these financial statements.

GREEN MT. LABS., INC.
(A Development Stage Company)
Statements of Cash Flows (continued)
(Unaudited)

	For the Six Months Ended June 30, 2005	For the Six Months Ended June 30, 2004	From Inception on July 12, 1983 Through June 30, 2005
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
CASH PAID FOR:			
Interest	$ --	$ --	$ --
Income Taxes	$ --	$ --	$ --
NON CASH FINANCING ACTIVITIES			
Common stock issued for services	$ --	$ --	$ 6,300
Common stock issued for mining claims	$ --	$ --	$ 7,500
Services contributed by shareholders	$ 1,030	$ --	$ 7,792

The accompanying notes are an integral part of these financial statements.

GREEN MT. LABS., INC.
(A Development Stage Company)
Notes to the Financial Statements
June 30, 2005 and December 31, 2004

NOTE 1 - CONDENSED FINANCIAL STATEMENTS

The accompanying financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at June 30, 2005 and 2004 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 2004 audited financial statements. The results of operations for the periods ended June 30, 2005 and 2004 are not necessarily indicative of the operating results for the full years.

Certain prior period amounts have been reclassified to conform to the current period presentation.

NOTE 2 - GOING CONCERN

The Company's financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plans to obtain such resources for the Company include (1) obtaining capital from management and significant shareholders sufficient to meet its minimal operating expenses, and (2) seeking out and completing a merger or transaction with an existing operating company. However, management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 3 - SUBSEQUENT EVENTS

On July 6, 2005 the Company entered into a Revised and Amended Agreement and Plan of Merger ("the Agreement") to acquire Hydrogen Engine Center, Inc., and Iowa corporation ("HECI"). In order to facilitate the acquisition, the Company formed a new, wholly-owned subsidiary, called Green Mt. Acquisitions, Inc. ("GMA"). According to the terms of the Agreement, HECI is to be merged into GMA, making HECI a wholly-owned subsidiary of the Company.

GREEN MT. LABS., INC.
(A Development Stage Company)
Notes to the Financial Statements
June 30, 2005 and December 31, 2004

NOTE 3 - SUBSEQUENT EVENTS (Continued)

Additionally, the Company agreed to forward-split its common stock on a 3.8 shares for one share basis, and to issue 16,297,200 post-split shares to the sole stockholder for HECI in exchange for 100% of HECI's outstanding capital stock. The shares issued by the Company represent approximately 81% of the Company's post-split shares. The Company anticipates the acquisition will be finalized on or about August 15, 2005.

HECI is a development stage company engaged in designing, developing and manufacturing internal combustion engines that may be fueled either by hydrogen or gasoline for the industrial and power generation markets.

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

The following information should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this Form 10-QSB.

We are considered a development stage company with no assets or capital and with no material operations or income. Ongoing expense, including the costs associated with the preparation and filing of our registration statement and periodic reports are being paid for by advances from shareholders, which are evidenced in our financial statements as accounts payable-related party. It is anticipated that we will require only nominal capital to maintain our corporate viability and necessary funds will most likely be provided by our officers and directors in the immediate future. However, unless we are able to facilitate an acquisition of or merger with an operating business or are able to obtain significant outside financing, there is substantial doubt about our ability to continue as a going concern.

Recent Events

On June 3, 2005, we finalized an agreement to acquire Hydrogen Engine Center, Inc., an Iowa corporation ("HECI"). The acquisition is being facilitated by merging our newly created, wholly-owned subsidiary, Green Mt. Acquisitions, Inc., with and into HECI with HECI being the surviving entity. As a result of the transaction, HECI will become our wholly-owned subsidiary. On July 6, 2005, we revised certain terms of the proposed acquisition and, accordingly, executed a revised and amended agreement and plan of merger.

Under the terms of the revised agreement, we will effect, prior to the closing of the agreement, a forward stock split of our issued and outstanding common stock on a 3.8 shares for 1 share basis. The forward stock split will increase our outstanding shares of common stock from 1,006,000 shares to approximately 3,822,800 shares, or approximately 19% of the total outstanding shares following consummation of the acquisition. The effective date of the stock split will be established by our board for a date prior to the effective date of the agreement with HECI. We presently anticipate the split to occur on or about August 17, 2005.

As consideration for the acquisition, the current holder of 100% of HECI common stock will receive an aggregate of 16,297,200 shares of our common stock, post-split. These shares will represent approximately 81% of our total outstanding shares (post-split) following the transaction. We also intend to raise funds privately to finance the ongoing operations of HECI following the acquisition. As a result of the merger and issuance of the additional shares referenced above, shares held by current Green Mt. stockholders will represent approximately 10% of the total shares outstanding. We expect the acquisition of HECI to be finalized on or about August 22, 2005.

Following the merger transaction, we will assume all of the operations, assets and liabilities of HECI. HECI is a development stage company engaged in designing, developing and manufacturing internal combustion engines that may be fueled either by hydrogen or gasoline for the industrial and power generation markets. HECI has established a process for converting certain Ford internal combustion engines to run efficiently on hydrogen fuel. Hydrogen as a fuel can be readily extracted from water, any hydrocarbon fuel or biomass. HECI expects to file core technology patents covering the use of hydrogen fuel in any internal combustion engine with zero or near zero emissions. HECI management believes that hydrogen engines ultimately developed by HECI may be initially used for two major applications; (i) replacing existing internal combustion engines in airport ground support applications, and (ii) combined with electric generators for power generation systems.

Results of Operations

We incurred a loss of $23,900 during the six month period ended June 30, 2005 compared to a loss of $8,708 during the comparable 2004 period. These losses are primarily attributed to the legal and accounting costs associated with the preparation and filing with the SEC of our forms and statements and negotiations regarding potential acquisitions.

We incurred a loss of $18,657 during the three month period ended June 30, 2005 compared to a loss of $3,968 during the comparable 2004 period. These losses are primarily attributed to the legal and accounting costs associated with the preparation and filing with the SEC of our forms and statements and negotiations regarding potential acquisitions.

Liquidity and Capital Resources

During the six months ended June 30, 2005, our expenses were paid by a shareholder. We expect to continue to rely on the shareholder to pay our expenses, because we have no cash reserves or sources of revenues, until such time that we complete a merger with or acquisition of an existing, operating company. There is no assurance that we will complete such a merger or acquisition or that the shareholder will continue indefinitely to pay our expenses.

In the opinion of management, inflation has not and will not have a material effect on our operations until such time as we successfully complete an acquisition or merger. At that time, management will evaluate the possible effects of inflation on our business and operations.

Plan of Operation

Upon the completion of the acquisition of HECI, we will become engaged in HECI's business and begin to design, develop and manufacture internal combustion engines for the industrial and power generation markets. Until such time as the HECI acquisition is completed, we will remain a development stage company looking for acquisitions.

Because we lack funds, it may be necessary for our officers and directors to either advance funds or to accrue expenses until such time as a successful business consolidation can be made. Management intends to hold expenses to a minimum and to obtain services on a contingency basis when possible. Further, our directors will defer any compensation until such time as an acquisition or merger can be accomplished and will strive to have the business opportunity provide their remuneration. However, if we engage outside advisors or consultants in its search for business opportunities, it may be necessary to attempt to raise additional funds. As of the date hereof, we have not made any arrangements or definitive agreements to use outside advisors or consultants or to raise any capital.

In the event we need to raise capital, most likely the only method available to us would be the private sale of our securities. Because we are a development stage company, it is unlikely that we could make a public sale of securities or be able to borrow any significant sum from either a commercial or private lender. There can be no assurance that we will be able to obtain additional funding when and if needed, or that such funding, if available, can be obtained on acceptable terms.

We do not intend to use any employees, with the possible exception of part-time clerical assistance on an as-needed basis. Outside advisors or consultants will be used only if they can be obtained for minimal cost or on a deferred payment basis. Management is confident that it will be able to operate in this manner and to continue its search for business opportunities during the next twelve months. Management further believes that we will not have to make any equipment purchases in the immediate future. When the HECI acquisition is completed, we will adopt its business plan.

Net Operating Loss

We have accumulated approximately $48,000 of net operating loss carryforwards as of December 31, 2004. This loss carry forward may be offset against taxable income and income taxes in future years and expires in the year

2024. The use of these losses to reduce future income taxes will depend on the generation of sufficient taxable income prior to the expiration of the net operating loss carryforwards. In the event of certain changes in control, there will be an annual limitation on the amount of net operating loss carryforwards which can be used. No tax benefit has been reported in the financial statements for the year ended December 31, 2004 because it has been fully offset by a valuation reserve. The use of future tax benefit is undeterminable because we presently have no operations.

Forward-Looking and Cautionary Statements

This report contains certain forward-looking statements. These statements relate to future events or our future performance and involve known and unknown risks and uncertainties. Actual results may differ substantially from such forward-looking statements, including, but not limited to, the following:

- our ability to search for an appropriate business opportunity and to subsequently acquire or merge with such entity;

- to meet our cash and working capital needs;

- our ability to maintain our corporate existence as a viable entity; and

- other risks detailed in our periodic report filings with the SEC.

In some cases, you can identify forward-looking statements by terminology such as "may," "will" "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue," or the negative of these terms or other comparable terminology.

These statements are only predictions. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

Item 3. Controls and Procedures.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of management, including our chief executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934. Based upon that evaluation, our chief executive officer and principal financial officer concluded that our disclosure controls and procedures are effective to cause the material information required to be disclosed by us in the reports that we file or submit under the Exchange Act to be recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. There have been no significant changes in our internal controls or in other factors which could significantly affect internal controls subsequent to the date we carried out our evaluation.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

There are no material pending legal proceedings to which we are a party or to which any of our property is subject and, to the best of our knowledge, no such actions against us are contemplated or threatened.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

This Item is not applicable.

Item 3. Defaults Upon Senior Securities

This Item is not applicable.

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

On June 3, 2005, our board of directors voted unanimously to authorize and recommend that in connection with the acquisition of HECI, our stockholders approve an amendment to our certificate of incorporation to (a) increase our authorized capitalization to 100 million shares of common stock and 10 million shares of "blank check" preferred stock, and (b) change our corporate name, upon the closing of the anticipated acquisition transaction, to "Hydrogen Engine Center, Inc." The board also authorized the adoption of the Hydrogen Engine Center, Inc. Restricted Stock Plan for employees, directors, and consultants of Green Mt. and HECI, to be effected following the closing of the HECI acquisition. Also on June 3, 2005, our two controlling stockholders who beneficially own in the aggregate 832,180 shares, or approximately 83%, of our issued and outstanding common stock, consented in writing and approved the foregoing proposals. We will file with the SEC an information statement detailing the actions taken by stockholder written consents. The proposals will not become effective until a date at least 20 days after the date on which the definitive information statement has been mailed to the stockholders. We anticipate that the actions contemplated will be effected on or about the close of business on August 15, 2005.

Item 5. Other Information

In connection with the acquisition of HECI, we will effect a forward stock split of our issued and outstanding shares of common stock on a 3.8 shares for 1 share basis. As a result of the stock split, the number of shares of our common stock outstanding will increase to approximately 3,822,800 shares, but will not affect any stockholder's proportionate interest in Green Mt. prior to the closing of the HECI acquisition. No fraction of any Green Mt. shares will be issued, rather the number of shares otherwise issuable, if other than a whole number, will be rounded up to the next whole number. The par value of our common stock will remain unchanged.

The forward stock split has been unanimously approved by our board of directors on June 3, 2005 and is expected to be effected immediately before the closing of the HECI acquisition, on or about August 17, 2005. We believe that the forward stock split is advisable because it will increase the number of total shares that are eligible to be traded in the public market. We further believe that the additional shares in the trading market will increase liquidity and result in a more orderly market for our shares.

In addition to the 3,822,800 shares outstanding after the split, we will issue 16,297,200 shares pursuant to HECI's sole stockholder, resulting in approximately 20,120,000 common shares outstanding. Also, in connection with the HECI acquisition we anticipate selling up to approximately 4 million shares of our common stock in a private placement at $1.00 per share. We are also reserving another 2.025 million shares of common stock reserved for future issuance as follows; approximately .675 million shares reserved for issuance upon conversion of currently outstanding HECI promissory notes; and 1.35 million shares reserved for issuance under our new restricted stock plan.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit 31.1	Certification of C.E.O. Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 31.2	Certification of Principal Accounting Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.1	Certification of C.E.O. Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.2	Certification of Principal Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

On June 9, 2005, we filed with the SEC a current report on Form 8-K reporting under Item 1.01 the signing of the definitive agreement to acquire HECI and the terms of that agreement.

On July 12, 2005, we filed a second report on Form 8-K reporting under Item 1.01 the signing of a revised and amended agreement with HECI which altered some of the terms of the HECI acquisition.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GREEN MT. LABS., INC.

Date: August 11, 2005

By: /S/ GEOFF WILLIAMS

Geoff Williams
President, C.E.O. and Director
(Principal Accounting Officer)