



## **GREEN MOUNTAIN DEVELOPMENT CORP**

OTC Markets Ticker Symbol: **GMND**

### **FINANCIAL STATEMENTS**

For the Quarter ended: **March 31, 2012**

### **ISSUER'S EQUITY SECURITIES**

#### **COMMON STOCK**

Par Value \$.001

2,000,000,000 Authorized

104,235,911 Issued and Outstanding

#### **PREFERRED STOCK**

Par Value \$.001

50,000,000 Shares Authorized

33,339,037 Issued and Outstanding

175,788 Subscription Receivable Shares

[www.GreenBizness.com](http://www.GreenBizness.com)

**ITEM 1. FINANCIAL STATEMENTS**

**GREEN MOUNTAIN DEVELOPMENT CORP  
Consolidated Condensed Balance Sheet**

	<b>As Of March 31, 2012 (Unaudited)</b>	<b>As Of September 30, 2011 (Unaudited)</b>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ (256)	\$ --
Accounts receivable, net	50,000	--
Bio-Miracle Inventory	611	
Stock Subscriptions Receivable	\$ 109,235	
Total current assets	\$ 159,590	--
<b>Long Term Investments:</b>		
Marketable Securities	50,000	
Held to maturity securities (Note C)	\$ -	\$ 93,733
	50,000	93,733
<b>Property And Equipment, Net:</b>		
Office equipment		
Manufacturing equipment		
Transportation equipment		
Less: Accumulated Depreciation		
<b>Other Assets</b>	--	
Total assets	\$ 209,590	\$ 93,733
<b>Liabilities And Deficiency in Stockholders' Equity</b>		
<b>Current Liabilities:</b>		
Line of Credit Collateral (Note D)	\$ 999,939	\$ 999,939
Accrued salaries	243,423	193,423
Accrued payroll tax		
Accounts payable and accrued expenses (Note E)	455,157	449,957
Notes payable (Note F)	1,218,438	1,194,011
Due to affiliates (Note G)	25,128	17,321
Total current liabilities	2,942,085	2,854,651
Total liabilities	2,942,085	2,854,651
<b>Deficiency in Stockholders' Equity:</b>		
Convertible preferred stock, \$.001 par value; 50,000,000 shares authorized:		
Series A; 20,000,000 shares authorized; 10,804,665 and 10,804,665 shares issued and outstanding as of March 31, 2012, and December 31, 2011; aggregate liquidation preference of \$108,046,650 and \$108,046,650	10,805	10,805
Series B; 5,000,000 shares authorized; 2,000,000 and 2,000,000 shares Issued and outstanding as of March 31, 2012 and December 31, 2011, aggregate liquidation preference of \$20,000,000 and \$20,000,000	2,000	2,000
Series C; 5,000,000 shares authorized; 534,372 shares issued and Outstanding, as of March 31, 2012 and 315,060 outstanding as of December 31, 2011 with aggregate liquidation preference of \$5,343,720 and \$3,150,600	322	860
Series C Stock Subscriptions of 175,788 shares as of March 31, 2012 and 388,435 shares as of December 31, 2011	388	
Non-Convertible preferred stock, \$.001 par value;		
Series S; 20,000,000 shares authorized; 20,000,000 issued and outstanding as of March 31, 2012 and December 31, 2011; aggregate		

liquidation preference of \$20,000,000	20,000	20,000
Common stock; \$.001 par value; 2,000,000,000 shares authorized; 104,235,911 and 104,235,911 shares issued and outstanding as of March 31, 2012 and December 31, 2011, respectively	104,236	104,236
Additional paid-in capital	16,206,815	16,087,975
Stock Subscription Receivable	--	--
Deferred equity issuance costs	(678,500)	(678,500)
Accumulated deficit	(18,398,562)	(18,307,749)
Total deficiency in stockholders' equity	(2,732,496)	(2,760,918)
Total liabilities and stockholders' equity	<u>\$ 209,590</u>	<u>\$ 93,733</u>

See accompanying footnotes to the unaudited consolidated condensed financial statements.

**GREEN MOUNTAIN DEVELOPMENT CORP**  
**Consolidated Condensed Statements of Operations**  
**For the Three and Six Months Ending March 31, 2012**  
**(Unaudited)**

	<u>Unaudited</u> For the three months ending March 3, 2012	<u>Unaudited</u> For the six months ending March 31, 2012
Revenues	\$ 111,369	\$ 111,369
Cost of revenues	<u>801</u>	<u>801</u>
Gross profit	110,568	110,568
Operating Expenses:		
Selling, general and administrative expenses	17,898	28,970
Depreciation		
Total operating expenses	<u>17,898</u>	<u>28,970</u>
Profit from operations	92,670	81,598
Other income (expense):		
Gain/Loss - Investments		(93,733)
Misc Income	250	5,750
Interest income		
Interest expense	<u>140,395</u>	<u>84,427</u>
Total other expense	<u>(140,145)</u>	<u>(172,410)</u>
Loss before income taxes	(47,475)	(90,812)
Income tax expense	<u>--</u>	<u>--</u>
Net Loss	<u>\$ (47,475)</u>	<u>\$ (90,812)</u>
Net loss per common share (basic and diluted)	\$ <u>(0.0005)</u>	\$ <u>(0.0009)</u>
Weighted average common shares outstanding	<u>104,235,911</u>	<u>104,235,911</u>

See accompanying footnotes to the unaudited consolidated condensed financial statements.

**GREEN MOUNTAIN DEVELOPMENT CORP**  
**Consolidated Condensed Statements of Cash Flows**  
**For the Six Months Ending March 31, 2012**  
**(Unaudited)**

	Unaudited
	March 31, 2012
<b>Cash Flows From Operating Activities:</b>	
Net Profit/Loss	\$(90,813)
Adjustment to reconcile net loss to cash used in operating activities:	
Gain (loss) on Valuation of held to maturity securities	93,733
Marketable Securities	(50,000)
Decrease (increase) in:	
Accounts receivable	(50,000)
Bio-Miracle Inventory	(611)
Prepaid expenses and other current assets	--
Stock Subscriptions Receivable	(109,235)
Increase (decrease) in:	
Accounts payable and accrued expenses	63,007
Other current liabilities	24,427
<b>Net Cash Provided by Operating Activities</b>	<b>(119,491)</b>
<b>Cash Flows From Investing Activities:</b>	
Paid in Capital	118,840
Series C Preferred Stock Subscription	395
Payments (to) from affiliates	
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>119,235</b>
<b>Cash Flows From Financing Activities:</b>	
Paid in Capital	
<b>Net Cash Provided By Financing Activities</b>	
<b>Net Increase (Decrease) In Cash</b>	<b>(256)</b>
<b>Cash At Beginning Of Period</b>	<b>0</b>
<b>Cash At End Of Period</b>	<b>\$ (256)</b>

See accompanying footnotes to the unaudited consolidated condensed financial statements.

**GREEN MOUNTAIN DEVELOPMENT CORP**  
**Consolidated Statements Deficiency in Stockholders' Equity**  
**For The Quarter Ended March 31, 2012 (Unaudited)**

	Preferred Shares	Preferred Amount	Common Shares	Common Amount	Additional Pair-in Capital	Deferred Equity Issuance Costs	Accumulated Deficit	Total
Balance on December 31, 2011	33,119,725	\$ 33,508	104,235,911	\$ 104,236	\$ 16,194,423	\$ (678,500)	\$ (18,351,087)	\$ (2,697,420)
Series C Stock Subscriptions - par \$.001	6,665	\$ 7						\$ 7
Series C Stock - Paid in Capital					\$ 2,392			\$ 2,392
Stock Conversion Note Cancel					\$ 10,000			\$ 10,000
Subscription Receivable Shares issued	219,312							\$ -
Subscriptions Receivable	169,123							\$ -
Net Profit/Loss from operations							\$ (47,475)	\$ (47,475)
Balance on March 31, 2012	33,514,825	\$ 33,515	104,235,911	\$ 104,236	\$ 16,206,815	\$ (678,500)	\$ (18,398,562)	\$ (2,732,496)

## ITEM 2. NOTES TO FINANCIAL STATEMENTS

### NOTE A – COMPANY BUSINESS and SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Business**

Green Mountain Development Corp ("the Company", and formerly known as Sub Surface Waste Management of Delaware, Inc.) was formed under the laws of the State of Utah in January, 1986 and re-domiciled to the state of Delaware in February, 2001. Green Mountain Development Corp provides project development services for capital providers and technology operators and distributes licensed products related to the energy, agricultural and environmental sectors.

#### **Project Development Assistance**

When developing or assisting clients with various projects, Green Mountain enters into a Project Development Agreement with the client. As part of this agreement, Green Mountain agrees to assist the client with certain preliminary development work including project due diligence, investor presentations, identification of project capital sources and technology vendors and negotiation of a joint venture (JV) agreement between investors and the client.

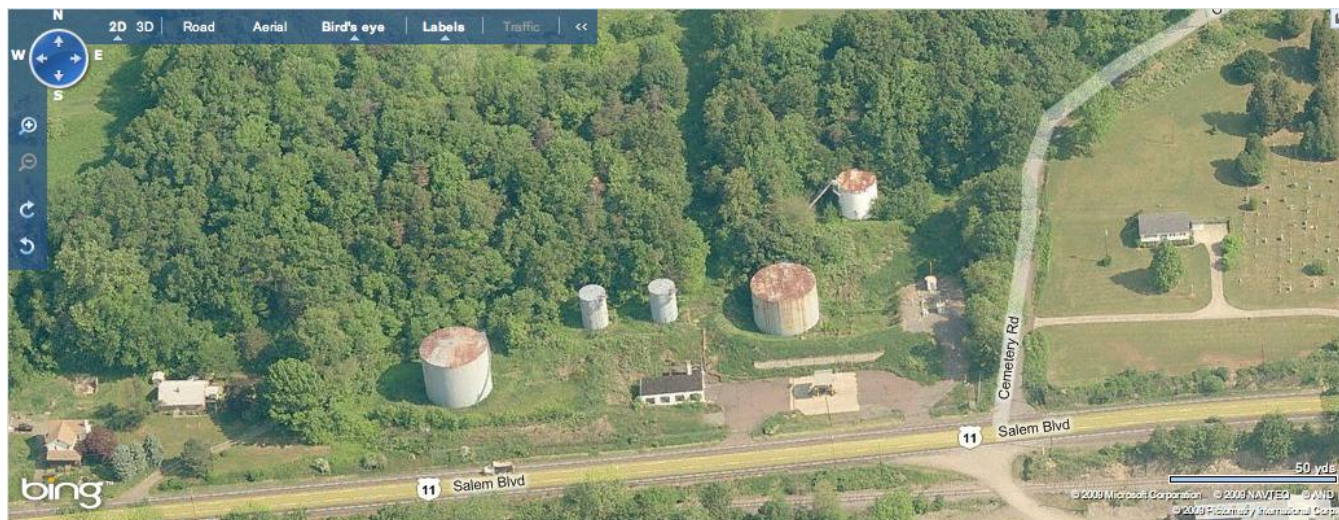
Green Mountain draws upon the resources of its affiliate partners to develop a JV agreement to progress the development resources needed by the client from asset acquisition stage to commercial production.

It is contemplated that the Joint Venture would include a series of gated and milestone driven investments by Green Mountain affiliates and the comprehensive terms and conditions governing the structure and the respective commercial interests of the JV parties. As part of its compensation for bringing all parties together, Green Mountain has a participation in the Joint Venture.

#### **Beach Haven Remediation and Project Site**

In July 2011 Green Mountain Development Corp completed a business assessment report for its affiliate development partner, C. Trade Group, for rehabilitation and operation of the former Beach Haven Oil Terminal located in Berwick, Pennsylvania in the Marcellus Shale region. The company reviewed facility alternatives for fuel distribution, bio-diesel refining and natural gas well brine water recycling with respect to environmental factors, financial parameters, and integration with C. Trade Group's existing logistics and fuel trading network and extensive experience in water remediation and management.

The facility is strategically located and has 5 above-ground storage tanks with a capacity of over 2.5 million gallons for processing a variety of fluids. Previously the terminal received refined products from pipelines, barges and trucks and distributed petroleum products to third parties for delivery to home owners and commercial outlets. The facility is large enough to add a bio-diesel refining operation of 24MM gallons/yr or its tank storage system could be converted to remediate and recycle brine water used in gas well production. Recycling brine water for reuse can significantly reduce the environmental impacts of discharging the water into rivers and streams, a common practice in the state until earlier this year.



## Bio-Miracle™ Products

The Bio-Miracle™ product line, trademarks and copyrights are licensed from U.S. Microbics, Inc. under the terms of a manufacturing, use and distribution agreement. The company supplements these products with products of other manufacturers to improve and broaden the product line to meet specific needs of domestic and international customers.

For 25 years, the Bio-Miracle™ microbial blends and their legacy products have been used for agricultural growth enhancement, composting acceleration, pond and lake water treatment, hydrocarbon reduction in soil and water and animal and green waste treatment. The microbial blends are all natural, not genetically altered and are available in a convenient, non-toxic powder for easy application. The microbes are classified by the US Environmental Protection Agency (EPA) as “GRAS” bugs or Generally Regarded as Safe for all uses.

Bio-Miracle™ Product Lines include:



### Bi-AGRA™ Plant Health

Key benefits of the Bi-Agra™ agricultural blends include a dramatic increase of seed germination and survival rates, less water and fertilizer usage, fruit and vegetable harvests that can be picked sooner, have higher weight and yields and a lower mortality rate. Useful for food and fuel crops, houseplants, vegetables and industrial crops like cotton and sugar cane.



### REMEDIATION™ Soil & Water Treatment

Key benefits of the water treatment blends include removal of hydrocarbons, suspended solids, pond scum and algae and water clarification. Soil treatment blends remove or reduce hydrocarbons (oil and diesel), pesticides, herbicides and many noxious chemicals. The results are clean water and soil often suitable for reuse as agriculture land, parks or real estate development



### WASTELINE™ Animal & Green Waste Composting

Key benefits of the waste treatment blends include: faster composting and higher quality of animal and green waste compost with enhanced microbial activity for long term beneficial effects in the soil. Composting times up to one year are regularly reduced to less than 30 days with reduction of odors and pests

Product shipments of Bio-Miracle™ products began in January 2012 as planned with initial shipments to a Mexico based customer with over 100,000 acres of land devoted to food crops.

## Distribution Agreement with Solluxus for Bio-Miracle™ Products

In February 2012 Green Mountain and Solluxus, LLC signed a joint venture (JV) distribution agreement for a private label version of the company's Bio-Miracle™ microbial products. Solluxus plans to market the microbial products with its non-GMO (non-genetically modified) seeds to groups and individuals who want to preserve and protect the integrity of the food supply.

Under the terms of the agreement, Solluxus will have exclusive channel international marketing rights for Bio-Miracle™ products through its proprietary sales and marketing program and Green Mountain will provide fulfillment services for the Bio-Miracle™ and Solluxus products. Both companies will work together to develop and distribute related products for Solluxus including solar power, water treatment, and backyard and community food growing systems that empower individual and community self reliance. The three year renewable agreement provides for exclusive channel marketing rights in return for a \$5MM product purchase commitment. Product deliveries are expected in the third quarter beginning April 1.



Initial efforts will be in branding, packaging design, kitting, and setting up the internal operations for product fulfillment and customer support for deliveries beginning in the third quarter. The

Solluxus relationship adds a new channel of distribution and potentially large, new customer base that augments existing international channels for Bio-Miracle™ product distribution.

In March 2012 Green Mountain received the initial purchase order from Solluxus, LLC for \$25,000 of Bio-Miracle™ microbial products in trial size packages. Solluxus will market the microbial products with its non-GMO seeds to groups and individuals desiring self reliance and healthy food sources from backyard and community gardens. Green Mountain strategic partner, C. Trade Group has agreed to provide product fulfillment financing for initial inventory, packaging and product registration.

The purchase order is for 25 gram, “trial size” containers which are sold with non-GMO seeds and serve as a 30 day Solluxus “starter kit” for backyard, balcony and indoor garden enthusiasts. It is anticipated that reorders will be in the larger 500 gram and 1 kilogram retail sizes as users experience the merits of the product. Bio-Miracle™ and non-GMO seeds are also available through the Solluxus distribution channel in bulk quantities for community gardens, small homesteads and farms.



Solluxus is connecting like-minded people and groups to encourage strategies for protection of family, for self-reliance and for sustainability through delivery of non-GMO seeds and related products. (See [www.Solluxus.com](http://www.Solluxus.com) for more info).

## Bayside Project Development

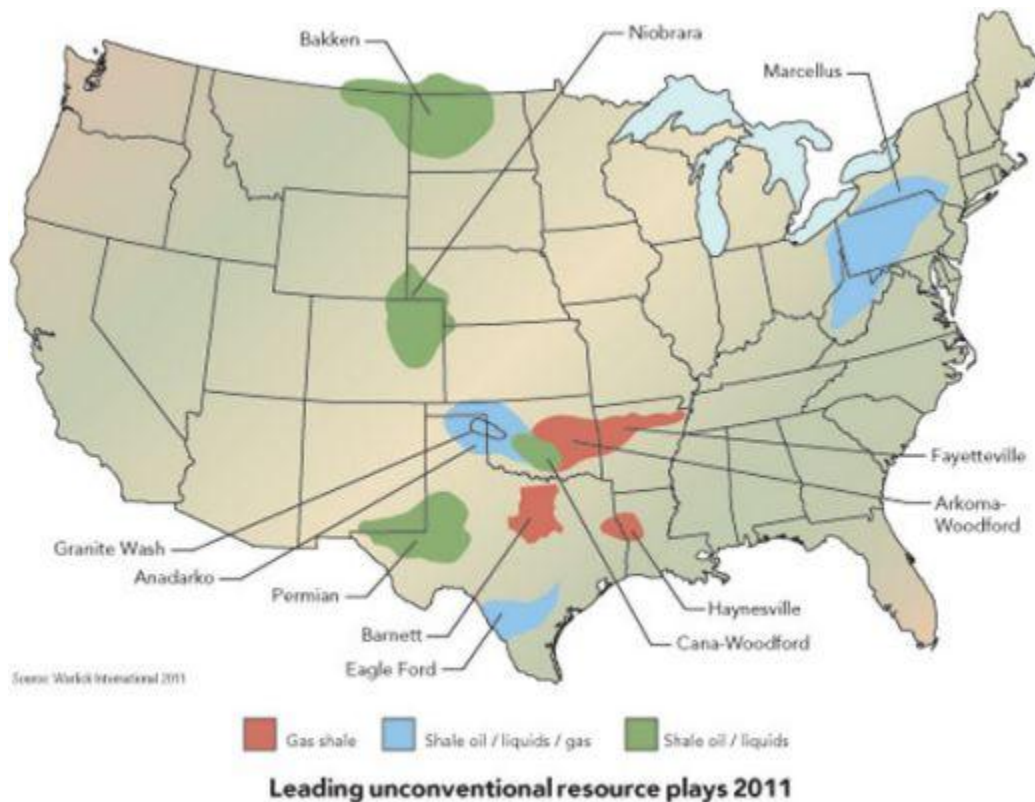
Green Mountain Development Corp entered into an Oil Field Project Development Agreement with Bayside Corp (Pinksheet: BYSD) in December 2011. The Bayside project opportunity was brought to GMND CEO, Robert Brehm, by a long time business associate who has followed the company's progress with energy related projects and its new affiliate network.

As part of this Agreement, Green Mountain has agreed to assist Bayside with certain preliminary development work including project due diligence, investor presentations, identification of project capital sources and technology vendors and negotiation of a joint venture (JV) agreement between investors and Bayside. Green Mountain draws upon the resources of its affiliate partners to develop a JV agreement to progress the development of Bayside drilling leases from the acquisition stage to commercial production.

In January 2012, directors Robert Brehm and Nick Kontonickolas met with Bayside CEO Gordon Johnson and associates in Texas and visited various well leases. Subsequent to the meeting a JV agreement was signed between Bayside Corporation and C. Trade Worldwide Group for the oil and gas well development. Bayside will

provides leases and projects and C. Trade will provide financial capability and trade finance instruments for project development. As part of its compensation for bringing all parties together, Green Mountain has a participation in the Joint Venture.

The Bayside projects are located near the Eagle Ford region of Southern Texas as shown on the map below.



Green Mountain project development revenue is expected to increase as Bayside commences revenue generation from well production based upon Green Mountain and affiliates efforts.

**Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

The consolidated financial statements include the companies which are effectively controlled directly by the Company, where control is defined as the power to govern the financial and operating policies. This control is generally evidenced when the Company directly or indirectly owns more than 50% or the voting rights of the company's share capital. Significant intercompany transactions have been eliminated in consolidation.

As of March 31, 2012, Robert Brehm, Chairman and CEO controlled approximately 69% of the outstanding voting stock of the Company.

**Reclassification**

Certain reclassifications have been made to conform to prior periods' data to the current presentation. These reclassifications had no effect on reported losses.

**Concentrations of Credit Risk**

Financial instruments and related items, which potentially subject the Company to concentrations of credit risk, consist primarily of cash and cash equivalents. The Company places its cash and temporary cash investments with credit quality institutions.

### Inventory

The Company carries \$611 of inventory as of March 31, 2012.

### **NOTE B – DUE FROM AFFILIATES**

As of March 31, 2012, there was no balance in the Due from Affiliates account.

### **NOTE C – HELD TO MATURITY SECURITIES**

The following table summarizes the securities that are held by the Company as a long term investment. At March 31, 2012 the common stock underlying the preferred stock securities had a combined market value of \$0 since the stock was delisted during the quarter. The stock had been previously written down to \$0 during the prior quarter.

Company	Shares	Conversion	Common	Mkt Price	Mkt Value
U.S. Microbics, Inc. – Preferred Series C	208,220	100:1	20,822,000	0.0000	\$0
U.S. Microbics, Inc. – Preferred Series D	416,667	100:1	41,666,700	0.0000	\$0

### **NOTE D – LINE OF CREDIT**

On September 9, 2006, the Company entered into a \$500,000 line of credit agreement with a Pilgrim Bank maturing on September 9, 2007. The line of credit agreement is collateralized by substantially all the assets of the Company and a pledged certificate of deposit held as collateral by one of the Company's affiliates. The line of credit has a fixed rate of interest of 7% per annum. As of December 31, 2006, the Company's outstanding balance on this line was \$345,000. In January of 2007 the line of credit was increased from \$500,000 to \$1,000,000 with the interest rate staying at 7% per annum. As of December 31, 2008 the Company's outstanding balance on this line was \$999,939. During the 2009 fiscal year ending December 31, 2009, Pilgrim bank redeemed the collateral for full payment of the loan amount. The company recognizes the liability to the collateral holder and reports the amount under "Line of Credit" in Current Liabilities.

### **NOTE E - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities at March 31, 2012 consist of the following:

	3/31/2012	12/31/2012
Accounts payable	\$ 319,141	\$315,041
Accrued expenses and interest	136,016	\$134,916
	<u>\$ 455,157</u>	<u>\$449,957</u>

### **NOTE F - NOTES PAYABLE**

Notes payable to related parties at March 31, 2012 consists of the following:

Note Holder	Amount	Date	Interest Rate
Affiliate #4	\$ 17,965	9/30/09	12%
Shareholder #1	\$ 1,608	4/18/02	10%
Fusion Capital Note Payable (terms described below)	118,862	8/4/04	10%
Affiliate #7	241,832	1/1/08	12%
Affiliate #6	14,905	1/1/08	12%
Shareholder #2	7,155	12/21/07	12%
Shareholder #3	480,751	1/2/08	12%/18%
Affiliate #1	149,049	5/22/08	12%
Affiliate #2	96,882	9/15/08	12%
Shareholder #5	89,429	8/1/08	<u>12%</u>
	<u>\$1,218,438</u>		

During the quarter ended March 31, 2012 the interest expense incurred from these notes totaled \$140,395 due to consolidation and reconciliation.

All notes are convertible into common or preferred stock at rates from 70% to 100% of market price based upon a trailing market formula included in each individual note.

#### Fusion Capital Note Payable

During August 2004, the Company received gross proceeds of \$200,000 for a convertible note payable bearing 10% interest rate and maturing on January 31, 2005. The Noteholder has the option to convert unpaid note principal together with accrued and unpaid interest to the Company's common stock at the lower of \$0.25 per share or 50% of the Company's common stock fair market value of the Company's common stock based upon a twelve day moving average closing price over a ten(12) day period.

#### **NOTE G - DUE TO AFFILIATES**

As of March 31, 2012 there was a small balance of \$25,128 Due to Affiliates.

The captions "Due to affiliates" represent advances that are unsecured, non-interest bearing and have no fixed terms of repayment, therefore, deemed payable on demand.

#### **NOTE H - CAPITAL STOCK**

The Company has authorized 2,000,000,000 shares of common stock, with a par value of \$.001 per share. The Company has also authorized 20,000,000 shares of Series A convertible preferred stock, with a par value of \$.001 per share. The Company has also authorized 5,000,000 shares of both Series B and Series C convertible preferred stock, with a par value of \$.001 per share. The Series A and Series B preferred stock is convertible at the option of the holder into common stock at the rate of five shares of common for every one share of preferred at the option of the holder after one year. The Series C preferred stock is convertible at the option of the holder into common stock at the rate of one hundred shares of common for every one share of preferred at the option of the holder after one year. The Company has authorized 20,000,000 shares of Series S preferred stock, which is not convertible.

As of March 31, 2012 the Company has issued and outstanding 104,235,011 shares of common stock, 10,804,665 shares of convertible Series A preferred stock, 2,000 shares of convertible Series B preferred stock, 534,372 shares of convertible Series C preferred stock, and 20,000,000 of Series S preferred stock. In addition, there was outstanding Stock Subscriptions Receivable for 175,788 shares of Series C preferred stock.

#### ***Preferred stock transactions from January 1, 2012 through March 31, 2012:***

During the three months ended March 31, 2012 the Company issued 219,312 shares of Series C preferred stock and the company has stock subscriptions for 175,788 shares of Series C preferred stock valued at \$109,235.

#### ***Preferred stock transactions from January 1, 2011 through March 31, 2011:***

In March 2011, an affiliate converted 545,109 shares of Series C preferred stock into 54,510,900 shares of common stock.

#### ***Common stock transactions from January 1, 2012 through March 31, 2012:***

During the three months ended March 31, 2012 the Company had no common stock transactions.

#### ***Common stock transactions from January 1, 2011 through March 31, 2011:***

In March 2011, an affiliate converted 545,109 shares of Series C preferred stock into 54,510,900 shares of common stock.

## NOTE I - STOCK OPTIONS AND WARRANTS

### Stock-Based Compensation

No stock options or warrants granted.

### Stock Options – Series C Preferred Stock

The following table summarizes the changes in options outstanding and the related prices for the shares of the Company's Preferred Stock Series C issued to directors of the Company.

	Options Outstanding			Options Exercisable		
	Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
	\$ 0.10	200,000	1.14	\$ 0.10	200,000	\$ 0.10
Totals		200,000	1.14	\$ 0.10	200,000	\$ 0.10

Transactions involving stock options for the shares of the Company's Preferred Stock Series C issued to directors are summarized as follows:

Outstanding at December 31, 2011	200,000	--
Granted	--	\$ 0.50
Exercised	--	--
Canceled or expired	--	--
Outstanding at March 31, 2012	200,000	\$ 0.50

### Employee Stock Options – Common Stock

None Outstanding

## NOTE J - COMMITMENTS AND CONTINGENCIES

The following table sets forth the aggregate compensation paid by the Company to its executive officers for services rendered during the last five completed fiscal years:

Name and Principal Position	Fiscal Year	Annual Compensation			Awards	
		Salary (\$)	Restricted Stock Awards (\$)	Securities Underlying Options/SARs (#)	Other Annual Compensation (1)	All Other Compensation
Robert Brehm President, Director	2010	18,000 (1)	---	---	---	---
	2009	13,500 (2)				
	2008	--				
	2011	18,000 (3)				
	2012	9,000 (4)				
Nick Kontonicolas Director	2011	-0-				
	2012	-0-				

(1) Of this amount, \$18,000 was deferred expenses and fees

(2) Of this amount, \$13,500 was deferred and the amount was comprised of expenses and services.

(3) Of this amount, \$18,000 was deferred and the amount was comprised of expenses and services.

(4) Of this amount, \$9,000 was deferred and the amount was comprised of expenses and services.

### Employment agreements

Robert Brehm assumed the role of President and Director of the Company on July 5, 2007. Mr. Brehm currently has no employment agreement in place with the Company.

## ITEM 3. MANAGEMENT'S DISCUSSION AND ANALYSIS

### Results of Operations for the Year Ended March 31, 2012

The Company generated revenues of \$111,369 during the three months ending on March 31, 2012 consisting of project services and Bio-Miracle product sales. These revenues mark the first revenues for the company in 2012 and are the result of a long business development period for agricultural products and project development services beginning in 2010.

Selling, general and administrative ("SG&A") expenses for the three months ending in March 31, 2012 totaled \$17,898 and \$28,970 for the six months of the fiscal year.

The Company posted a net ordinary profit from operations of \$92,670 for the three months ending March 31, 2012 and \$81,598 for the six months ending March 31, 2012. Non-operating expenses including miscellaneous income and market gain/loss on investments totaled \$250 for the three months ending March 31, 2012 and \$87,983 for the six months ending March 31, 2012 representing the write off of delisted securities with no market value. Interest expenses for the three months ending March 31, 2012 was \$140,395 principally from convertible note interest. Combining ordinary operations profit and non-operating expenses yields a Net Loss of \$47,475 for the three months ending in March 31, 2012 and a Net Loss of \$90,813 for the six months ending March 31, 2012.

The company had negative cash flows from operations of \$119,491 and positive flows of \$119,235 from financing activities as the company added inventory, stock subscriptions receivable and consolidated notes payable with various parties.

As of March 31, 2012 Total Assets increased \$102,219 or 95% of the prior ending Total Assets on December 31, 2011. Principal contributions were Accounts Receivable and Marketable Securities.

As of March 31, 2012, the Company had an accumulated deficit of \$18,398,562 compared to \$18,351,087 as of December 31, 2012. The shareholders equity as of December 31, 2011 was negative \$2,732,496 compared to negative \$2,697,420 as of December 31, 2011. A majority of the original paid in capital for the company was from institutional investors and U.S. Microbics, the former parent of the company.

### **Liquidity and Capital Resources**

As of December 31, 2011, the Company had a negative working capital of \$2,732,495 compared to a negative working capital of \$2,697,419 at September 30, 2011. The change in working capital resulted primarily from the Company's note interest, stock subscriptions, and note consolidation. The company plans to address the working capital issue by reducing the notes payable through conversion to various types of equity. The reduction in notes will also reduce the interest expenses which are the major contributing factor to Net Losses on the Income Statement.

During the three months ending in December 31, 2011 the Company incurred a cash flow negative of \$256 from operating and financing activities. The Company met its cash requirements during this period through the payment of expenses by its directors.

### Equity Financing

The Company will continue to need additional capital to continue its operations and will endeavor to raise funds through the sale of equity shares and revenues from operations. There can be no assurance that the Company will obtain sufficient capital or generate revenues on acceptable terms, if at all. Failure to obtain such capital or generate such revenues would have an adverse impact on the Company's financial position and results of operations and ability to continue as a going concern.

### **SIGNATURES**

#### **Green Mountain Development Corp**

Date: April 29, 2012

By: /s/ Robert Brehm

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Robert Brehm, Chief Executive Officer